Austria ... Sch. 18	Indonesia ... Rp 2500	Portugal ... Esc 80
Bahrain ... Din 0.650	Italy ... L 1300	S. Arabia ... Rls 6.00
Belgium ... BFr 38	Japan ... Y550	Singapore ... S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain ... Pta 110
Cyprus ... C£0.80	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark ... Dkr 7.25	Lebanon ... £L 6.00	Sweden ... Skr 6.50
Egypt ... E£1.00	Luxembourg ... LFr 38	Switzerland ... SFr 2.20
Finland ... Fmk 6.00	Malaysia ... Rm 4.25	Taiwan ... NT $65
France ... FFr 6.00	Mexico ... Pes. 300	Tunisia ... Din 0.600
Germany ... DM 2.20	Morocco ... Dh 8.00	Turkey ... L 210
Greece ... Dr 70	Netherlands ... Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong ... HK$ 12	Norway ... Nkr 8.00	U.S.A. ... $1.50
India ... Rup. 15	Philippines ... Pes. 20	

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,543 Wednesday February 6 1985 D 8523 B

Lonely times for the Bank of England, Page 14

World news | Business summary

UK, Spain set talks agenda on Gibraltar

Britain and Spain put an end to the 16-year freeze in their relations over Gibraltar by agreeing on a detailed procedure for discussing their problems.

The agreement, which follows the opening of the border between Spain and Gibraltar, effectively lifts the threat that Britain might veto the entry of Spain into the European Community, due to take place on January 1 1986.

Sir Geoffrey Howe, the UK Foreign Secretary, and Sr Fernando Moran, his Spanish counterpart, meeting in Geneva, temporarily side-stepped the controversial issue of sovereignty over Gibraltar. Page 16

Anti-terrorism pledge

France and West Germany pledged to step up their campaign against terrorism. Page 2

Diplomats 'recalled'

Poland and East Germany are believed to be recalling diplomats from their embassies in New Delhi after revelations that the two countries received secrets stolen from top government offices. Page 3

Papal plea ignored

Peruvian guerrillas defied 15,000 security men and ignored Pope John Paul's plea for peace by blowing up electricity pylons and blacking out Lima as he was driven through the country's capital.

Confidence vote

Sweden's Foreign Minister Lennart Bodstrom faces a possible vote of no confidence during today's session of the Riksdag (parliament) after private remarks he made about Swedish security policy. Page 2.

Jordan accused

Israel accused Jordan of becoming the planning centre for the Palestine Liberation Organisation attacks against Israel which have escalated in recent weeks. Page 3

Britons freed

Libya released four Britons held in a diplomatic dispute with Britain over the shooting of a policewoman in London last April.

Italy press strike

A 24-hour strike called by Italy's national press federation blacked out radio and TV news bulletins and was expected to prevent the publication of newspapers today.

Arab satellite

The Arab world's first satellite is scheduled to go into orbit on Friday. Arabsat-One, belonging to the Arab League's Satellite Communications Organisation, will be placed in orbit by a European Ariane rocket. The satellite, able to handle 8,000 telephone lines and eight TV channels, will improve communications between Arab states.

Le Matin changes

Le Matin, the French daily newspaper, is changing hands. Its founder, M Claude Perdriel, said control would pass to a group of shareholders led by M Max Theret, a left-wing businessman who was once Leon Trotzky's secretary. Page 2

Award for FT man

Financial Times Industrial Editor John Lloyd was named Journalist of the Year in a British press award. Page 6

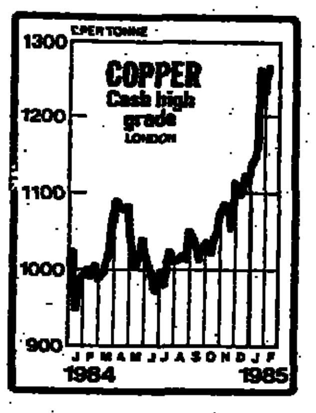
U-turn on MX

Mr Bob Hawke, the Australian Prime Minister, yesterday reversed an earlier decision to provide logistical support for testing of the U.S long-range MX missile after strong pressure from his Labor Party.

Australian offer rejected by Tootal

TOOTAL, one of Britain's four largest textile companies, rejected £124m ($138m) takeover bid from Entrad Investments, the biggest textile and clothing group in Australia. Page 16; Background, Page 24

WALL STREET: The Dow Jones industrial average closed down 4.85 at 1,285.23. Section III



COPPER prices rose to their highest level for five years on the London Metal Exchange, mainly in reaction to sterling's easing against the dollar. Cash higher grade copper added £18 to £1,269.5 a tonne, while three-months quotation gained £13.25 to £1,278.5. Page 34

DOLLAR remained firm in London, rising to DM 3.227 (DM 3.2115), SwFr 2.742 (SwFr 2.738), a record FFr 9.86 (FFr 9.8125) and Y259.7 (Y259.35). On Bank of England figures, the dollar's index rose to an all-time high of 148.4 from 148.0. In New York it was DM 3.222, SwFr 2.736, FFr 9.8350 and Y259.55. Page 35

STERLING was weaker against the dollar in London, closing at $1.1115, a fall of 25 points. It also lost ground to SwFr 3.045 (SwFr 3.0525) and Y288.5 (Y289.0) but improved slightly to DM 3.5875 (DM 3.5825) and FFr 10.9475 (FFr 10.935). The pound's exchange rate index rose to 71.4 from 71.3. In New York it was $1.113. Page 35

GOLD rose 50 cents an ounce on the London bullion market to finish at $302.25. It also improved in Zurich to $302.25. In New York the Comex February settlement was $302.30. Page 34

LONDON equities were buoyed by money supply data but gilts lost some ground. The FT Ordinary index rose 14.1 to 982.4. Section III

TOKYO blue chips were sought after although the Nikkei-Dow market average dropped 67.65 to 11,823.43. Section III

LEBANON is seeking $500m in emergency aid from Saudi Arabia to sustain its rapidly depleting foreign exchange reserves and its currency. Page 3

ALLIS-CHALMERS, U.S. industrial group, is in talks about its farm equipment business with West Germany's Klöckner-Humboldt-Deutz and other companies. Page 17.

EUROPEAN COMMISSION refused to give Australia an absolute undertaking that it will not sell surplus beef at a discount in Far Eastern markets.

SOUTH AFRICAN rand remains undervalued despite recovering from its low point of 42 U.S. cents on January 21, said Dr Gerhard de Kock, governor of the South African Reserve Bank. Page 3

ROCKEFELLER family agreed to pay $400m for the 11.7 acres of Manhattan on which their Rockefeller Centre stands. The price is believed to be a record for land in Manhattan even allowing for inflation.

SGE, the French international construction group which last year said it was shedding a fifth of its 19,000 domestic workforce, is urgently seeking more funds from shareholders because of unexpectedly high losses. Page 18

Reagan criticises Fed over volatile monetary growth

BY STEWART FLEMING IN WASHINGTON

PRESIDENT Ronald Reagan voiced explicit criticism yesterday of the Federal Reserve Board's recent conduct of monetary policy amid signs that his Administration was putting political pressure on the independent central bank to permit the U.S. money supply to grow more rapidly.

Although Reagan Administration officials have frequently turned against the Fed, the President himself has usually stood above the fray. But in a signed letter accompanying the annual report of the President's Council of Economic Advisers (CEA), Mr Reagan says that volatile monetary growth "contributed to instability in interest rates and a decline in economic activity" in 1982 and to the severity of the 1981–1982 recession, and that a reduction in monetary growth in the second half of 1984 "contributed to the temporary slowing of economic growth late in the year."

Separately, in what could herald an impending clash between the Administration and the Fed, Mr Paul Volcker, the Fed chairman, told a congressional committee he did not favour a proposal with which some Administration officials are believed to be sympathetic. The proposal would make the Treasury Secretary an *ex officio* member of the Fed's monetary policy-making Open Market Committee (FOMC).

Mr Volcker also had harsh words to say about the current drift of economic policy in the U.S. "We are living beyond our means," he told the committee. "As we continue to draw so heavily on the world's savings there is a drag on internally generated expansion elsewhere."

Mr David Stockman, U.S. budget director, warned of an impending "economic catastrophe" if Congress did not move to enact the deep cuts in federal spending proposed in President Ronald Reagan's budget. Page 4

But he also urged America's trading partners to stimulate their economies. "A number of industrialised countries might reasonably review their own possibilities for stimulus in the light of their high levels of unemployment and rather sluggish growth," he said.

The CEA report also raises the curtain on what one of its authors, Mr William Niskanen, says will be a sustained effort by the Reagan Administration to persuade the independent central bank to change the basis on which it sets its monetary targets.

The shift in the base being recommended is being presented as a commonsense response to a technical problem surrounding the way monetary targets are set each year. The fact that it would raise the base for the targets by $5bn and create more flexibility for the Fed to allow a more rapid growth of the money supply will be seen, however, as a disguised effort by Administration officials to pressure the Fed into permitting faster growth of the M1 measure of the money supply and faster economic growth.

The council's report also contains a hint of a more broadly based critique of the Fed, expressing a strongly "supply side" interpretation of economic activity.

It suggests that fiscal policy does have the major macroeconomic impact which Keynsian economic analysis suggests and argues that it is monetary policy which is the dominant force. Arguments such as these lay a philosophical foundation for stronger political representation on the central bank's policy-making forum.

The extent to which the President himself is backing these views may become clearer tonight in his State of the Union speech which will be closely watched for any comments on monetary policy.

The issue of the monetary targets alone, however, is a highly sensitive one because it comes at a time when the Fed's governors appear divided on the direction monetary policy should be taking ahead of next week's crucial Open Market Committee meeting.

Mr Volcker himself, in his congressional testimony yesterday, ran the guantlet of questions of Fed monetary policy but carefully skirted around the issue.

But as he did a year ago at this time, he made clear his mounting concerns about the adverse impact the budget deficit could have on the U.S. and world economies.

He warned that the speed at which the U.S. was increasing its

Continued on Page 16
Details, Page 4

International union body calls for summit on jobs

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

M FRANCIS BLANCHARD, director general of the International Labour Organisation (ILO) is to call for an "economic and social summit" of ministers and world economic bodies on the growing problems of unemployment and social tension.

M Blanchard's call comes as the ILO publishes the second volume of its World Labour Report, which details a decline in the influence of organised labour, especially in the industrial market economies hit hardest by unemployment.

M Blanchard said he wishes those organisations with an "economic mandate" – like the International Monetary Fund (IMF), the World Bank, the Organisation of Economic Co-operation and Development (OECD) and the General Agreement on Tarriffs and Trade (Gatt) to join with the ILO is staging a high-level convention with finance and labour ministers from selected countries to tackle the unemployment crisis.

He says these organisations should "make an honest attempt... to pool what we know of the problem. We at the ILO have a vision through social binoculars: at the IMF and elsewhere they have a vision through economic binoculars. Why not attempt to share these visions?"

The World Labour Report shows that:

- Trade union membership and bargaining strengths are falling in most of the industrial market economies, even in those with socialist governments.
- Third World economies continue to show very high levels of fragmentation in unions, with average union membership in some Asian and Latin American countries being below 200.
- Employers' organisations, which had been defensive and content to protect themselves against union demands, were taking the initiative in promoting debate on such issues as entrepreneurship, public expenditure, inflation and training.
- Women, in centrally planned and market economies, tend to congregate in certain occupations, including medical services.

(World Labour Report, ILO, Geneva)

Fight against inflation takes toll, Page 2; UK unemployment, Page 15

Paris to inject FFr 2.75bn into state electronic groups

BY PAUL BETTS IN PARIS

THE FRENCH Government is to inject FFr 2.75bn ($280.6m) of new funds this year into three state-owned electronics companies.

The funds, in the form of annual capital grants that the Government makes available to state industries, will go to Thomson, the defence and consumer electronics group; to Bull, the French computer group; and CGCT, a former ITT French telecommunications subsidiary.

The Government is expected to decide shortly on the capital grants to other state-owned groups in need of funds. Renault, the financially troubled state car group, is expected to receive a capital injection of FFr 2.5bn this year. Originally Renault was expected to receive FFr 2bn in capital funds this year.

The car group, which is expected to show losses of up to FFr 10bn in 1984, has just undergone a top management reshuffle.

It is likely to receive about FFr 2bn in soft loans, in addition to its capital grants.

The decision to announce the new capital grants for the state electronics sector before those for other industries reflects the high priority the Government, and in particular M Laurent Fabius, the Prime Minister, is giving this sector.

Thomson will receive FFr 1.3bn this year, largely to support the group's efforts to build up an electronics components business and to help it compete against the Japanese in the consumer products market. Bull is receiving FFr 1bn, while CGCT will get FFr 450m.

The overall support for the nationalised electronics sector, of FFr 2.75bn, is slightly lower than the FFr 3bn granted in 1984.

The proportion of state support to the electronics industry compared to other nationalised sectors has, however, continued to increase this year.

The three electronics groups will this year account for 30 per cent of total capital grants to state-sector groups.

- Paris is also to advance up to FFr 1.5bn in soft loans to the textile industry this year.

The loans will replace the system of supports for the industry under the French textile plan adopted in 1982. The plan has enabled textile companies to increase investments by 72.4 per cent between 1981 and 1983 and has helped them to increase foreign sales by 25 per cent over the same period.

Carl Icahn bid values Phillips Petroleum at $8.5bn

By William Hall in New York

MR CARL ICAHN, a New York financier, yesterday announced a plan to take over Phillips Petroleum, the eighth biggest U.S. oil company, which is battling to preserve its independence from unfriendly predators. The offer values the whole of Phillips at $8.5bn.

Oklahoma-based Phillips Petroleum said yesterday that Mr Icahn had made a $55 per share proposal to Phillips, half in cash and half in subordinated notes, which would have a value of $27.50 on a fully distributed basis.

Phillips noted that Mr Icahn had not put together the $4bn financing for the cash part of the offer. The group said that it had asked Mr Icahn, and Drexel Burnham Lambert, his investment banker, to provide more information, especially on the financing, before it would consider the offer.

Phillips' shares rose sharply in very heavy trading on Wall Street yesterday and at midsession were trading $2⅜ higher at $50 per share.

There has been growing speculation in recent days that several investors who have acquired big positions in the oil company, were planning to challenge its recapitalisation plan.

Details of Phillips' recapitalisation plan, which was precipitated by a hostile takeover bid from Mr T. Boone Pickens, were sent to shareholders over the weekend.

Phillips' advisers say that the complex package values its shares at $53, but several oil analysts argue that the price is much lower.

Mr Icahn, who first came to Wall Street's attention when he forced Marshall Field into the arms of BAT Industries in 1982, he described Phillips' recapitalisation plan as "grossly inadequate" yesterday.

He quoted Donaldson, Lufkin & Jenrette, a Wall Street broker, which valued the Phillips' restructuring package at $42 per share.

Mr Icahn said that Drexel Burnham was confident that it could arrange the necessary financing before the shareholders' meeting called to vote on the Phillips' recapitalisation plan on February 22.

Wall Street had mixed opinions on Mr Icahn's proposal. Irwin Jacobs, another well-known corporate predator, is believed to hold nearly 7m shares in Phillips and has said publicly that he plans to oppose the company's restructuring plans. Mr Icahn said yesterday that he owned 7.5m of Phillips' 154.6m outstanding shares.

Lex, Page 16; Mesa results, Page 17

Mexico sets prices below Opec levels

BY DOMINIC LAWSON IN LONDON

MEXICO, the world's fourth largest oil producer, yesterday announced changes in its oil prices which undercut the pricing system agreed last week in Geneva by a majority of ministers from the Organisation of the Petroleum Exporting Countries (Opec).

For the past few years Mexico, although not a member, has dutifully followed the Opec line on prices and to some extent on production, but yesterday it signalled a break.

The Mexican Energy Ministry said that it was lowering its price for Isthmus light crude oil by $1.25 to $27.75 a barrel, with immediate effect. Maya, the Mexican heavy crude brand, will remain unchanged at $25.50 a barrel.

The statement from the Mexican Energy Ministry also indicated that Mexico would end its recent support for Opec oil production cuts.

Last November Mexico volunteered a cut in oil exports of 100,000 b/d to 1.4m b/d in line with Opec's reduction in production from 17.5m b/d to 16m b/d. The Mexican communique yesterday said, however, that it intended to return to the export level of 1.5m b/d throughout 1985.

The Isthmus oil is of almost identical quality to Arabian Light, which Opec ministers last week cut by $1 to $28. After the Opec accord was reached Sheikh Ahmed Zaki Yamani, the Saudi Arabian Oil Minister, insisted: "Mexico will not undercut us. That much I can tell you."

The Mexican statement yesterday was apparently designed to stress the break with Opec. It called the decision "autonomous" and "in the national self-interest."

Mexico's problem is that it sells at least half of the 1.5m barrels of oil a day it exports, to the U.S. market, where spot crude oil prices have been lower than in any other world market.

Faced with a walk-out threat by some of its term customers, Pemex, the state oil group, appears to have had no option but to undercut the Opec accord, since a sharp cut in its oil exports would disrupt its debt repayment programme.

A further blow to oil market confidence produced by the Opec accord came from the International Energy Agency oil market report.

The IEA estimated that Opec oil production in January was 15.5m barrels a day (b/d). Although this is within the 16m b/d ceiling agreed last November by Opec ministers, it is considerably higher than the figures given by Opec ministers

In Geneva ministers, including Sheikh Yamani claimed that Opec production was running at little

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Tokyo to hold rates in spite of yen slide

BY JUREK MARTIN IN TOKYO

LEADING Japanese officials said yesterday that domestic interest rates would not be raised to try to halt the slide in the value of the yen against the U.S. dollar.

In heavier-than-average trading yesterday, which featured intervention by the Bank of Japan, the yen was pushed below Y260 to the dollar in the morning and at one stage fell to Y260.90, its lowest since mid-November 1982.

It recovered to close at Y259.85, still down Y0.75 on the day and bringing the two-day decline to Y4.40.

There was prompt official reaction to the breaking of the Y260 barrier. In Osaka Mr Satoshi Sumita, new governor of the Bank of Japan, said he would not use monetary policy to help the yen recover. Instead, he promised "swift and active" intervention, in co-ordination with other central banks.

Mr Sumita said in his view the markets were being overly influenced by expectations that U.S. interest rates would rise further and that the differential with the Japanese rate would widen.

The Japanese discount rate stands at 5 per cent, 10-year government bonds have been selling for about 6.5 per cent, and the long-term prime rate has just been cut by 0.2 per cent to 7.4 per cent.

In Tokyo Mr Noburo Takeshita, the Finance Minister, said the Government was opposed to higher interest rates because these would slow economic growth. He conceded, however, that this option was being advanced in certain quarters.

Mr Toshio Komoto, a Cabinet colleague, took the view – now popular in the U.S. – that the strength of the

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CONTENTS

W. Germany and France to step up terrorism fight

BY RUPERT CORNWELL AND DAVID HOUSEGO IN BONN

FRANCE and West Germany yesterday promised to step up their joint campaign against terrorism in a bid, as Chancellor Helmut Kohl put it, "to stamp out this scourge of civilisation."

His talks with M Laurent Fabius, the French Prime Minister, were overshadowed by the new internationally-co-ordinated offensive by left-wing extremists, of which both countries have been victim in recent days.

Both leaders were reluctant to go into great public detail of what they planned. But security officials from both nations will meet regularly and frequently, and greatly increase exchanges of information about terrorism.

France has lately been accused by some of its European partners, notably Italy, of having contributed to the upsurge in terrorist activity by having long taken too lenient a view of the problem.

The surprise addition of M Pierre Joxe, the French Interior Minister, to the party from Paris *has been taken as a deliberate* attempt by Paris to show that it is fully alive to the threat.

M Joxe and leading French officials held separate talks to co-ordinate anti-terrorist strategy with their West German opposite numbers yesterday. But so far there has been little sign of a breakthrough in the hunt for the killers of General René Audran, the senior French defence official killed in Paris 11 days ago, or of Herr Ernst Zimmermann, the arms industrialist *shot dead near Munich last* Friday.

Meanwhile M Fabius did not conceal France's deep differences with West Germany on a separate issue equally close to Bonn's heart, the need for strict and early anti-pollution standards for cars.

He signalled that Paris would fight any go-it-alone measures by *West Germany within the EEC*, and plainly suggested that Bonn could swiftly tackle the problem by bringing in mandatory speed limits. He also backed the compromise being canvassed within the Community for less stringent norms for smaller vehicles with an engine capacity of less than 1,300 or 1,400 cc.

This would accomodate the *complaints* of both French and Italian motor manufacturers, who claim *that* curbs on exhaust pollution as promoted by Bonn would discriminate unfairly against the smaller cars in which they specialise.

Soviet role denied by Popieluszko trial lawyer

By Christopher Bobinski in Torun

VEILED CHARGES of Soviet involvement in the murder of Fr Jerzy Popieluszko, the pro-Solidarity priest, were rebutted yesterday at the trial of the four Government security men accused of the crime.

One of the civil rights lawyers appearing for the Popieluszko family had implied last week that the Soviet Union could have been behind the murder because it was interested in keeping Poland weak by sowing discord.

Yesterday, however, Mr Leszek Pietrasinski, the public prosecutor, declared that the "socialist countries" wanted a "calm, quiet, socialist Poland." It was the West and Solidarity which wanted to stir up unrest.

Sentences will be passed tomorrow in the case which has aroused unprecedented interest among Poles and is the first time for a quarter of a century that secret policemen have been tried here in open court.

The four accused, one of whom, *former* Captain Grzegorz Piotrowski, is facing a demand by the prosecution *for the death* penalty, made their final pleas yesterday.

But appearing calm the 34-year-old captain who allegedly led the three-man group on the mission, again denied that the priest's death had been planned but said that the kidnapping had got out of hand.

The prosecution has claimed that the murder was premeditated and an act of political provocation. This charge was repeated by the Popieluszko family's lawyers.

Mr Piotrowski, in his final statement, denied that he was an agent of a foreign power. He insisted that he was a loyal defender of the system who had turned to illegal means when legal measures had failed to halt the priest's political activities.

His manner contrasted with that of former Lt Waldemar Chmielewski who, throughout the trial, has suffered from a nervous facial twitch and who collapsed on to his chair as he ended a 20-minute-long stuttering and tearful statement.

At 29, the youngest of the four accused, he said that his devotion to duty had been "exploited" by his superiors and said that the strain of the murder would accompany him to his death.

His colleague, Mr Leszek Pekala, also showed signs of strain when he spoke briefly to ask for a just sentence. The fourth accused and the others' immediate superior, Col Adam Pietruszka, repeated that he was innocent.

Italy's private television networks become legal

BY JAMES BUXTON IN ROME

THE QUESTIONMARKS over the legality of Italy's flourishing private television networks were removed late on Monday night when the Senate approved a decree law making them legal.

That put an end, at least for the present, to nearly a decade of uncertainty about the status of the networks, whose audience at times surpasses that of RAI, the state broadcasting company.

The new law makes it legal for private broadcasters to operate on a nationwide basis. Until now they could broadcast legally only in their local areas. The network companies got round this restriction by broadcasting the same programme simultaneously from chains of local stations using pre-recorded cassettes.

The issue came to a head last autumn when magistrates in *several parts of the country shut* down the transmission of the three main networks, claiming that this *practice* was also illegal. The three networks are all now controlled by Sig Silvio Berlusconi, one of the country's leading businessmen.

The Government of Sig Bettino Craxi responded swiftly by issuing a decree making them legal. The first decree, however, was defeated in Parliament because of Communist opposition and doubts on the part of some Christian Democrats, who belong to the Government.

A second decree had a difficult passage and was only approved by the Senate three hours before it expired when the Government resorted to the device of attaching a vote of confidence to the measure.

Even then, it was only possible to assemble a quorum of Senators because of the presence of members of the neo-fascist Italian Social Movement, who helped the Government get its legislation through.

The Government is increasingly using the decree procedure to push its principal legislation through Parliament. Decrees take immediate effect but have have to be ratified by Parliament within 60 days.

Bonn tries to win more nuclear power business

BY OUR FRANKFURT STAFF

WEST GERMANY is stepping up its efforts to obtain nuclear power station business from Egypt and is hoping that the current visit of President Richard von Weizsäcker to Cairo may improve its chances.

Kraftwerk Union (KWU), a subsidiary of Siemens, is vying for a contract for a proposed nuclear power plant at El Dabaa, near Alexandria.

It has won political backing in Bonn for the project, with the Cabinet deciding recently to approve an export credit guarantee of about DM 2bn ($626.9m). Together with other financing arrangements, that would clear the way for a credit deal with Egypt.

Egypt's nuclear power plans and its ability to finance them are expected *to be one of* the topics discussed by officials who have been accompanying President von Weizsäcker on his Middle East tour.

KWU's rivals include a consortium led by Framatome of France and Westinghouse of the U.S. Brown Boveri, the electrical concern based in Switzerland and West Germany, is hoping to obtain significant work if Westinghouse is successful.

Credit backing has been a key element in discussions between the Egyptians and the companies seeking a contract.

In the Bonn discussions about an export credit guarantee, the Finance Ministry expresses some reservations about the project because of the possible burden on Egypt's financial resources. However, the foreign and economics ministries, as well as the Chancellor's Office, argued in *favour* of the credit guarantee.

Turkish Cypriot call for free movement

By Andriana Ierodiaconou in Nicosia

TURKISH CYPRIOT left-wing opposition politicians yesterday said they would like to see a two zone federal republic in Cyprus, with the right of free movement throughout the island for all citizens. They called for another meeting between Mr Ranf Denktash, the Turkish Cypriot leader, and President Spyros Kyprianou to reach a federal settlement.

The call came as Mr Kyprianou met Mr Andreas Papandreou, the Greek Prime Minister, and Mr Constantine Karamanlis, the President, in Athens. The Greek leaders reaffirmed their support for Mr Kyprianou, but comments by the Government were restrained because of Greece's *hope that the Turkish* Cypriots will return to the negotiating table.

END OF AN ERA FOR GIBRALTAR

Fire and fruit as Rock gates open

BY DAVID WHITE IN GIBRALTAR

THE RED-JACKETED regimental band was on parade as usual for Gibraltar's weekly equivalent of the Changing of the Guard. But it was not like any other Tuesday. Gibraltarians woke up yesterday to a new era as the physical divide between themselves and Spain began to function like any other European border.

The opening of the frontier to road traffic for the first time in 18 years was performed by the Spanish authorities in as low-key fashion as possible in the circumstances, but the more extreme pent-up feelings made their mark on both sides of the border.

In La Linea, a mile down the road from Gibraltar, police reported that five cars were burnt, and, in the colony, the first Spanish scooter to make the crossing was pelted with fruit at one point of its journey into town.

Just before the midnight opening, the British Governor, Admiral Sir David Williams, sought to reassure Gibraltarians about their future and about the UK's intentions with regard to sovereignty. But Spanish newspapers were describing the new stage in relations as the last chapter in the Rock's colonial history.

The restoration of normality at the border has taken more than seven years since London and Madrid started talking again about the disputed headland, and seen several false dawns in the last one because of the Falklands war. The mood in Gibraltar is no more pro-Spanish now that it has happened. The general opinion is that Spain should have done it long ago and that Gibraltar owes Spain *nothing*.

Only a modest crowd gathered at the famous gates located right next to Gibraltar's RAF-controlled airport runway. Groups of young Gibraltarians hoisted themselves on to roofs and waved Union Jacks for the photographers and television cameras, but soon dispersed.

ALL SMILES: Two Spanish border guards exchange greetings with a Gibraltar "bobby" by the open frontier gates

The only note of ceremony came from a visiting Welsh choir which treated everyone to its rendering of "Sospan Fach."

The full oddity of *Gibraltar* as a social and geographical phenomenon came across when a "bobby" ushered a group of veiled *Moroccan matrons* away from the immediate vicinity of the gates, using the first language that came to *hand* colloquial Spanish.

A carload of four expatriate girls in fancy dress—who had apparently mislaid their fifth passenger, an RAF pilot dressed as a gorilla—was first in line to cross from Gibraltar in a brave bid to instil a sense of *fun into the occasion*. But there were only a handful of cars waiting to make the historic crossing.

But yesterday the transit volume was already building up. "It will mean a lot more work for us," mused a portly Gibraltar policeman, rocking as one might expect, on his heels. "*For the rest* . . . speculations doubts, wait-and-see."

Business is less hesitant about it all. The first travel agency was already distributing publicity for combined holidays in Gibraltar and southern Spain at around £200 a fortnight. The use of the airstrip, which is subject to internal British air fares, is one of the first things the Spanish want to tackle in talks with Britain.

Foreign tourists, now able to visit Gibraltar from Spain, found liquor and cigarette prices already marked down yesterday after last-minute tax changes.

Thanks to the marauding Press contingent the Rock's catering sector has been enjoying a boom for several days. As far as one Gibraltar businessman *is* concerned, "Spain can keep opening and closing the frontier as often as it likes."

John Lloyd reports on the ILO's guide to international labour trends

Fight against inflation takes its toll

ORGANISED labour, in the industrial market economies and in the Third World, has been going through a thin time in past years. The second volume of World Labour Report, the *International Labour Organisation's* painstaking guide to labour trends, shows why.

M Francis Blanchard, the ILO's director general, warned in an interview with the FT earlier this week that "there would be a danger in carrying the fight against inflation, or attempts to get a perfect balance of trade, too far.

"Yet when we at the ILO raise social problems, I have the impression that while people acknowledge the existence of these problems, they believe so strongly that inflation must be stamped out that they are not willing to take it into account."

M Blanchard is to propose to the world economic institutions—the International Monetary Fund, the World Bank, the Organisation of Economic Development and General Agreements on Tariffs and Trades—and to the finance and labour ministers of a number of countries that they convene a high level meeting, with the ILO, to try to bring together *the twin concerns of economic* prudence and social welfare at a time of recession.

That time of recession has—as the report details—led to a stagnation or even a drop in union membership, a loss of union leverage in collective bargaining and a more aggressive stance by employers' organisations, who are sloughing off their past defensiveness and coming out into the public relations market place.

The report says that the employers' organisations, in the indusrtial market economies, have not usually sought to identify themselves overtly with a political party (unlike labour organisations) but instead aim "at the public at large or at specific group targets like educators, churchmen or indeed employees of their own affiliated enterprises."

The report says that the ILO has received an increasing number of complaints over the violation of the convention on freedom of association—violations which tend to take place in countries where civil liberties are limited, often after change in political regime or under a state of emergency.

The position of unions, of course, differs very widely between the three main groups of countries—industrial market economies, Socialist economies and Third World countries.

In Socialist countries, unionisation is typically stable at more than 95 per cent, with unions continuing to play a dual role—partly as "transmission belts" between the Communist Party and the workers, "helping the State in raising productivity and disciplining the workers," partly in defending the rights of union members.

In Third World economies, trade unions are often weak and small. In some countries, as in India, the size of unions can be tiny.

But it is in the market economies where the steady trend of retreat is most marked. The report says that "total membership of trade unions in many countries has declined recently, chiefly as a result of the general recession and the structural changes experienced in the manufacturing sector.

"In the UK," for example, union enrolment fell by 3.7 per cent in 1980 and 5.9 per cent in 1981; in the Netherlands and Sweden, the declines were about 4 per cent; in the Federal Republic of Germany the drop was 2.5 per cent in 1981.

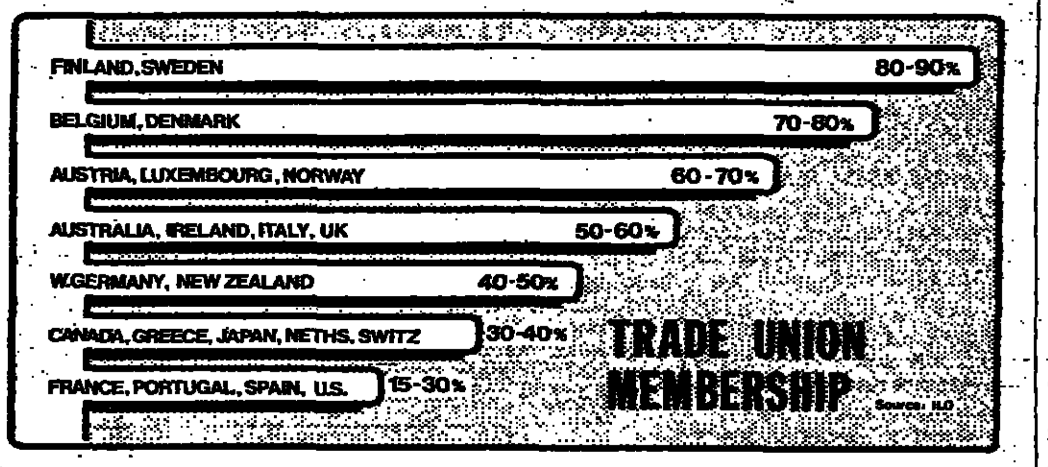
"In Spain, union membership decreased considerably during the period 1980-83, owing not only to high levels of unemployment but also to the relatively secondary role assigned to trade unions at the enterprise level."

There are exceptions Denmark and Norway, for example, showed a continuing rise in membership during 1980-82. Yet unions in countries where Socialist Governments are in power do not always—as presumed—do well: union membership *declines* are recorded not just in socialist Spain, but tries decline and the white collar and service jobs increase. White collar unionism was a growing trend in many countries in the sixties and early seventies—but there are now signs that it is levelling out, while unions in most countries have yet to get to grips with workers in service industries.

Further, as plants with massive workforces give way to small and medium-size enterprises, union organisers find their jobs more difficult.

One area of possible growth is the "informal" sector—a sector which in the Third World includes every kind of job and is unregulated by laws or conventions.

"World Labour Report," volume 2, ILO, Geneva.



East Germany assails wartime bombing

BY LESLIE COLITT IN BERLIN

EAST GERMANY is stepping up its attacks against the wartime bombing of German cities by Britain and the United States on the 40th anniversary of their destruction by the RAF and the *Eighth Air Force. The campaign* is gathering momentum with the approach of February 13, the day Dresden was razed in 1945 by two waves of U.S. and British bombers.

The mounting criticism of the wartime Western allies is a departure from *the efforts East Germany has made in recent* years to improve relations with Washington and London. On April 8, Britain's Foreign Secretary, Sir Geoffrey Howe is to become the highest ranking UK official ever to visit East Germany.

At a recent rally in Magdeburg to mark the aerial destruction of the city in January 1945, the city's Communist Party First Secretary referred to an "inferno" created by "Anglo-American bombers with their death-bringing loads." Within 39 minutes, he said, 16,000 inhabitants were killed and 12,000 injured in a sea of flames.

Community coal production falls 30%

By Paul Cheeseright in Brussels

EUROPEAN COMMUNITY coal production fell last year to the *exceptionally* low level of 156.5m tonnes over 30 per cent down on 1983, as a result of the British miners' strike.

The latest analysis of EEC coal and coke production, published yesterday by the European Commission, shows that this level of production permitted an appreciable rundown of stocks, the high total of which at one stage prompted a call for Community aid.

Colliery stocks of coal throughout the EEC fell by over 18 per cent, to 41.6m tonnes by the end of 1984, although the level in the UK was down by only just over 15 per cent. This presumably reflects the reluctance of railmen to move coal.

At the same time, however, coal deliveries to power stations increased 3 per cent and coke deliveries to the iron and steel industry rose by 14 per cent if the special circumstances of the UK are not taken into account.

Imports have been at record levels—80m tonnes in 1984—but not only because of the special situation in the UK. France and Belgium imported a tonnage equivalent to their domestic production, while German imports represent 10 per cent of national production.

Traditionally, the UK produces just over half of EEC coal output. However, last year this production was 57.7 per cent down on 1983 while German *production, the next most significant*, slipped by 6 per cent. Only Belgium increased output—by 3.3 per cent.

Minister at bay in Sweden

By David Brown in Stockholm

SWEDEN'S embattled Foreign Minister, Mr Lennart Bodstrom, could face a vote of no confidence in Parliament today following controversy about private remarks he made last week on security policy.

The affair has become a potential political liability for the Social Democrats—who are hoping to fight what will be a tough battle for re-election this autumn partly along foreign policy lines—and has also sparked a debate about the credibility of Sweden's Press.

Stockholm's leading daily newspapers published articles on Sunday quoting Mr Bodstrom as having told journalists at an informal dinner last week that "there have been no foreign submarine incursions (of Swedish territorial waters) since 1982." This contradicts recent reports from the military and earlier conclusions drawn by a multi-party investigative committee.

He was also reported to have raised the highly sensitive issue of exchanging further ministerial visits with the Soviet Union.

Mr Bodstrom later claimed he had been misrepresented: "It was the *nationality* of the foreign submarines not their existence he had called into question.

Mr Olof Palme, the Prime Minister, has defended his colleague by attempting to discredit the journalists involved. "It is one report against another," he said. "I believe the Foreign Minister."

However, Mr Ulf Adelsohn, leader of the opposition Conservative Party, said: "It is inconceivable that six reporters could misinterpret as many of Mr Bodstrom's statements in the same way."

He wants the Prime Minister to answer a series of questions on Sweden's security policy and on the Foreign Minister's fitness for office. He would not rule out a vote of no confidence in either Mr Bodstrom or the Government during the general political debate in Parliament today.

The Centre and Liberal parties have already called for Mr Bodstrom's resignation.

A motion of no confidence is unlikely to succeed. The more important question could be how serious an election liability Mr Bodstrom's statements may prove to be.

Channel ferry link planned

THE FRENCH company Brittany Ferries announced yesterday it will begin a ferry service next year between Caen and Portsmouth, Reuter reports from Paris. Financing will be shared with Caen and other local bodies.

The link, to open in the *spring of 1986, will be operated* by a ferry with a capacity of 1,200 passengers and 300 cars. Frequency of services have yet to be worked out.

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French fashionplate suits himself, with hat and matching veil

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

MODEL NUMBER 51 at Jean Paul Gaultier's fashion show for menswear at the Salle Wagram, just off the Champs Elysees in Paris, last Saturday afternoon was a show-stopper.

A young man looking remarkably like David Gower, the England cricket captain, paraded the catwalk in a three-piece chunky Arran-knit suit in matching white trousers, coat and waistcoat. The applause all but drowned the background music which was pumping out Strauss at the sort of noise level that would have competed with Concorde at take-off.

Later models drew equally ecstatic applause from the capacity crowd of papparazzi, *fashion* journalists and gatecrashers. The decibel count was particularly high for black culottes, black balalaika-type trousers, all topped by little pillbox hats and matching veils.

The importance of Gaultier's designs was not that they were what men will be wearing next autumn but that this is the way *men's fashion is evolving*. "Tres fun" said one French lady journalist. The androgynous *look is very much the coming* thing.

A few miles away, simultaneously, at the Porte Versailles, the more practical side of the industry was on show at SEHM, the French menswear exhibition. There, the clothes were "recognisable" as men's outfits.

SEHM—Salon International *de l'Habillement Masculin*—is the world's leading international menswear show. Only the Italians can rival it and they mount a largely national exhibition. SEHM drew exhibitors from 20 countries, 123 of them, the largest foreign contingent, coming from Britain.

As a show SEHM was "a great success," according to M Claude Misery, president of the French Federation of Menswear Industries. Such a success was needed because the French industry has just had to endure two very difficult years and the forecasts for 1985 are little better.

Retail sales dropped by 4 per cent in both 1983 and 1984, two years which wiped out all the gains following the introduction of the Textile Plan by President Francois Mitterrand in 1981.

"We are paying now for that artificial boom," M Misery says. "Too big an increase in 1982 led to inflated shop prices which eventually led to a cut in sales."

The Textile Plan actually gave some relief from a period *of long decline*. The French menswear industry has been in the doldrums since the early 1970s but, with the success of last week's SEHM, there are hopes "that demand might pick up in the second half of this year," says M Misery.

"Our hopes are that demand will be stimulated by next year's parliamentary elections. These are just hopes at the moment but elections often *bring a consumer boom*."

Employment in the industry—a much smaller one than the *women's wear side—is down to* 83,640 compared with a fraction under 100,000 in 1976 and one of the problems is that it is largely in small concerns. There are about 1,000 producers, but three of them, Bidermann, Vesta and Weil Besancon, dominate the field.

Many of the producers have *turned to outward processing*, the system much favoured in West Germany where many or all of the processes involved in making clothes are carried on in low-wage countries. For France, this has meant Tunisia and Morocco in particular and the growth of making-up in these countries has had a severe effect on the balance of trade.

Tunisia is now the second most important source of imports (after Italy) and Morocco the third, while Portugal, another cheap supplier, is in fifth place. Traditional suppliers such as Belgium have been pushed down the league table.

At the same time there has been a strong growth in imports from low-cost Far Eastern suppliers. *Last year, South Korea* boosted its exports of clothes to France by 75 per cent, while there were strong rises from Hong Kong (up 68.4 per cent) and Macao (35.4 per cent).

Clothes imports actually rose by 6 per cent *last year*, a figure that was only acceptable because France mounted a massive export drive on the back of the rising U.S. dollar. The industry managed to push up overseas sales by 18 per cent, with Britain, the U.S., Norway and Sweden leading the way. Even so, twice as many goods flowed in as out.

According to M Henri Weil, head of Weil Besancon, the industry has been particularly severely hit in the middle ranges. "We can produce and sell high-quality, high-price goods. There is also a good market at the bottom. But French producers supplying to the middle ranges have lost their way.

"There is hope, in that young Frenchmen are coming back to *the suit. They appreciate* the more classic look. Jeans manufacturers have taken a severe *bashing*, and that is bound to help us."

Bidermann, the largest manufacturer, has attempted to overcome the middle-market gap by producing under licence some of the top names in the trade, such as Yves St Laurent and Daniel Hechter. One of its five main factories is now turning out 1,250 suits a day under the St Laurent label for sale in the U.S.

It has profited from the growing sales of more casual clothes so that about a fifth of its turnover comes from this area. It believes 1985 will be satisfactory but it is not looking for fireworks.

How good this *year* turns out to be will not be clear for another three months, according to M Jean-Claude Boussion, director of Jacques Jaunet. "We have a good lead in casual wear in France and if we can increase our exports still further then it could be a good time."

But he spread his arms wide in that Gallic expression of puzzlement. It is an expression that mirrors the doubts throughout the industry.

LOANS REPLACE SUPPORTS

THE French Government is to advance up to FFr 1.5bn (£137m) in soft loans to the textile industry this year, writes Paul Betts in Paris. The loans will replace the system of supports under the *Textile Plan* adopted by the Government in 1982. That was designed to help French enterprises modernise by reducing their social costs to allow them to increase investment.

In fact, investment has gone up by 72.4 per cent between 1981 and 1983 and French companies have increased foreign sales by 25 per cent.

But the original scheme ran into fierce opposition from the European Commission. The European Court of Justice subsequently ruled that it amounted to unfair assistance.

Instead, the Government will now make low-interest loans available through the French textile and clothes industry development agency.

OVERSEAS NEWS

Poles, E. Germans to recall Delhi envoys after spies confess

BY JOHN ELLIOTT IN NEW DELHI

POLAND and East Germany are believed to be recalling diplomats from their embassies in New Delhi following revelations that the two countries received secrets stolen from top government offices.

The two Eastern countries were named along with France in a court confession on Monday which broadened the scope of India's big spy scandal.

Other countries fear that they may become embroiled in the case if it emerges that they have been involved with the spy ring, which has been operating for 25 years according to a confession by Mr Coomar Narain, the New Delhi businessman who co-ordinated the operation.

A total of four confessions have now been made to New Delhi courts and more details of the spy ring's activities are expected to emerge.

It would not be surprising if other countries are involved because many companies, especially those from abroad seeking major contracts, bribe government officials to hand over details of their rivals' tenders and government plans.

The direct involvement of foreign embassies in such commercial spying is thought to be more unusual. But embassy staff do play a direct role handling secrets on national security and political issues, which Mr Narain also says he obtained from civil servants.

East Germany and Poland would have little interest in many commercial deals, although East Germany is rivalling Dow Chemical of the U.S. for a silicon plant to be built in India.

It is widely assumed in New Delhi that they would have more interest in broader security issues, possibly for passing on to the Soviet Union.

The Hindu newspaper yesterday reported that the Government had taken action against Mr Narain's contacts in these two embassies. An External Affairs Ministry spokesman said, "investigations are continuing along with appropriate action."

This "appropriate action" is assumed to involve the removal of diplomats because both the French ambassador and deputy military attache are being withdrawn.

For Poland the situation is especially sensitive because Mr Wojciech Jaruzelski, the country's prime minister, is to visit India next Monday.

Last night Mr Yogesh T. Maneklal of Bombay who owns the company that employed Mr Narain was arrested. In his court confession on Monday, Mr Narain said he passed secrets on to the company.

Lebanon asks Saudis for $500m to boost reserves

BY RICHARD JOHNS IN BEIRUT

LEBANON is seeking $500m in emergency assistance from Saudi Arabia to sustain its rapidly depleting foreign exchange reserves and support its rapidly depreciating currency. A letter from President Amin Gemayel containing the request is being carried to King Fahd by Mr Rafik Hariri, the multi-millionaire Lebanese-born Saudi businessman and philanthropist, who is the established conduit between Riyadh and the Government here.

On the foreign exchange market here yesterday the Lebanese pound rallied from the record low point against the dollar of 15.15-20 reached in trading on Monday. It closed here yesterday at 13.50-80 to the dollar after being quoted at 13 in early dealings but the volume of transactions was reported to be small.

The recovery was attributed largely to optimistic reports in newspapers here suggesting that the aid would be forthcoming. Mr Hariri's aides were not available here for comment but there is some scepticism among observers that Saudi assistance would be readily available on this scale with the Kingdom, already feeling financially squeezed, faced with a reduced oil price and a low level of oil production.

Lebanon's foreign exchange reserves are reliably understood to have sunk to $350m to $400m, compared with $620m at end 1984, only enough to pay for essential public sector imports of fuel, wheat and sugar until the early summer. Central Bank officials have continued to suggest in private that they are in excess of $600m while some reports in the press here have put the figure at $200-$250m or lower.

Syria, UK swap protests

The Syrian and British Governments have made representations to each other in the last two days over the deportation of four Syrians from Britain last week, **Michael Field reports from London.**

The four men, three of whom were travelling on "public service" passports (a form of official document), were officially part of a Syrian commercial delegation.

Unofficially they are believed to have been involved in a conspiracy to kill Palestine Liberation Organisation (PLO) representatives in London.

The Syrian authorities on Monday summoned Mr Roger Tomkys, the British Ambassador in Damascus, to the Foreign Ministry to protest at the handling of its delegation and to express their astonishment that the British Government had not denied the "fabricated versions" of the episode that had been published by the media.

Smugglers rob China of rare antiques

By Mark Baker in Peking

CHINESE authorities are tackling a multi-million-dollar smuggling industry that is robbing the country of precious cultural relics and causing a glut in the Western market for Chinese antiques.

Peasants are plundering ancient porcelain, bronzes, jade and other treasures from hundreds of archaeological sites across China. The items, many more than 2,000 years old, are being sold to middlemen and smuggled via well organised routes into Hong Kong.

The Chinese public security forces have broken up several antique smuggling rings in the past year and several ringleaders are believed to have been executed, but the authorities say the smuggling of cultural relics is still "rampant."

Dealers in Hong Kong, a centre of the international market for Chinese antiques, say the flood of smuggled items recently has caused some prices to drop by as much as two thirds.

China prohibits the export of any items more than 120 years old and the State Administration of Cultural Relics is the only body authorised to sell antiques to foreigners.

The cultural relics administration said the smuggling issue was getting worse. The full extent of smuggling last year was still being estimated, but at least 20,000 pieces had been taken from a single county in Henan province, one of China's richest archaeological areas.

An official said the problem was being compounded by the large numbers of new archaeological sites being discovered each year that could not be properly policed.

Last year, 500 new sites were discovered – half of them in Luoyang city in Henan which was the capital of several Chinese dynasties.

The city of Canton, neighbouring Hong Kong, has become a key link in the smuggling networks. Early last year, police arrested two Hong Kong men in Canton and seized 1,700 ancient pieces they had bought from peasants in Luoyang.

The treasures included jade items from the western Zhou dynasty, founded in the 11th century BC, yellow glazed vases from the northern Qi period (550-577 AD) and bronze Buddhist figures from the Tang dynasty (618-907 AD).

The two men were said to have smuggled six other crates of antiques out of China.

A Hong Kong representative of Sotheby's of London, Mrs Mamie Howe, said prices had plunged for previously expensive items such as Tang brown-glazed stoneware, painted Cizhou-type pillows and Hunan tea bowls from the Sung dynasty.

She said a green glazed vase of the Han dynasty was sold at a Sotheby's auction in London last month for $30,000. Three years ago it would have fetched about three times as much.

How New Zealand upset its Anzus allies

BY STEPHANIE GRAY IN LONDON AND OUR FOREIGN STAFF IN WASHINGTON, WELLINGTON AND SYDNEY

THE U.S. has reacted to New Zealand's ban on nuclear propelled or armed ships entering its ports by withdrawing from naval exercises next month with both Australian and New Zealand forces. Both countries are allied with the U.S. under the 1951 Anzus defence treaty.

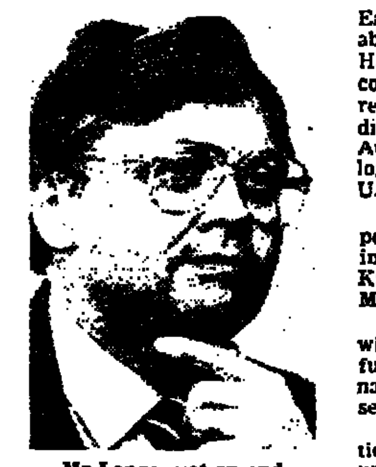
Mr David Lange, the New Zealand Prime Minister, has expressed his regret at the U.S. decision confirmed in Washington yesterday, but said the action was "not unexpected."

New Zealand's Labour Government, which swept to power last July on a strongly anti-nuclear platform, has resisted all efforts to persuade it to change its stance. In the past week it has twice refused a U.S. request for an American warship, capable of carrying nuclear weapons, to visit a New Zealand port.

New Zealand believes visits by nuclear-armed ships make the country a target for nuclear retaliation.

The country's Defence Minister, Mr Frank O'Flynn, said yesterday Wellington was prepared for a lower level of co-operation from Washington in the supply of intelligence information and access to lower-priced military equipment—two of the major benefits of Anzus membership.

New Zealand's position has clearly raised questions over the future of Anzus, but Mr Lange does not believe it means an end to the alliance. He has resisted pressure from the left-wing of his party to withdraw from the pact and said that, if the U.S. wanted to make nuclear warship visits a condition of membership "then they have made a unilateral withdrawal from Anzus."



Mr Lange: not an end

Wellington's move and its repercussions will have irked its Australian partners as well. The cancellation of the Sea Eagle exercises poses considerable problems for Mr Bob Hawke's Government for it coincides with a separate though related controversy over the disclosure last week that Australia had agreed to provide logistical support for testing U.S. MX missiles.

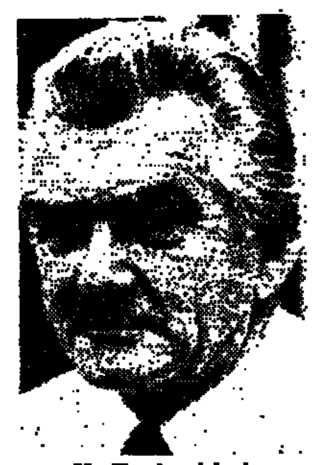
The delicacy of Australia's position was shown yesterday in an obscure statement by Mr Kim Beazley, the Defence Minister.

"The defence relationship with the U.S. is one that is fundamental to Australia's national security in its broadest sense," said Mr Beazley.

"Australia values opportunities to exercise with military units of both nations, within that strategic framework. Discussions (will) now begin immediately with the U.S. and New Zealand Governments to explore ways in which these defence interests can be separately pursued.

At the Australian Labor Party's national conference last July, the left-wing failed to force through a resolution banning U.S. naval visits. However, an amendment placing restrictions on the pattern and frequency of such visits was passed.

The main criticism levelled at Mr Hawke in Australia, is that his fulsome—even fawning—endorsement of every aspect of U.S. policy has compromised attempts by Mr Bill Hayden, the Foreign Minister, to preach the fundamental necessity of Anzus while at the same time nursing Labor unity by respecting the sensitivities of the Left—something Mr Hawke seems incapable of doing.



Mr Hawke: irked

The California-oriented Reagan Administration has made much play of the strategic importance of the Pacific, and what it sees as the dangers of a growing Soviet threat in the region. So it is of particular concern to Washington that a Pacific ally should decide to break ranks on a nuclear issue, at a time when some of the smaller members of the Atlantic alliance are still showing restiveness about accepting new American nuclear weapons in Europe.

Washington's alarm is not just about the future of Anzus, which it sees as an important, if unglamorous security linchpin in the southern Pacific. It is as much over the possibility that New Zealand's challenge to the U.S. nuclear forces could prove contagious if allowed to succeed.

The U.S. saw its request for a New Zealand port visit by the destroyer Buchanan as a test case for the new Labour government's anti-nuclear policies. The view in Washington now is that New Zealand must somehow be punished for its disloyalty. If the U.S. does not want to go as far as to disband the alliance itself, the unspoken threat to do so is clearly there.

Washington is now to undertake a full-scale reappraisal of the alliance, and has said that further action may be taken in the months ahead. The issue is now likely to dominate the visit to Washington by Mr Hawke later this week.

S. African rand 'is undervalued'

BY ANTHONY ROBINSON IN CAPE TOWN

THE South African rand remains undervalued despite a 16 per cent recovery against both a basket of currencies and the dollar since hitting its low point of 42 U.S. cents on January 21, Dr Gerhard de Kock, Governor of the South African Reserve Bank yesterday told an investment conference organised by stockbrokers Frankel, Kruger.

He based his claim on the latest revised statistics for the fourth quarter which show that net gold and foreign currency reserves declined by roughly R750m (£334m) at the same time as R950m flowed into the country.

The inflow was accounted for by a R250m surplus on the current account of the balance of payments, a net R214m inflow from purchases of shares on the Johannesburg Stock Exchange by non-residents and an influx of long term capital of over R500m.

"From this it must be concluded that unfavourable leads and lags and other short term capital movements of nearly R1.7bn must have occurred during the fourth quarter."

Realisation that the underlying improvement in the external account was being swamped by the negative impact of leads and lags lay behind the package of measures announced by Mr Barend du Plessis, the Finance Minister, on January 29. These obliged exporters to remit foreign currency earnings within seven days, gave the Reserve Bank more dollars by making payment to the gold mines for gold half in rand and half in dollars instead of all in dollars and tightened bank controls over the discount houses to discourage currency speculation.

Improvement on the external front has been matched by tighter control over the money supply—due mainly to a decline in the velocity of circulation. This improvement is not apparent from the money supply figures which show a 39.6 per cent rise in M1, a 28.8 per cent increase in M2 and a 24 per cent rise in M3 over the first 11 months of 1984.

Dr de Kock rejected import controls to protect the balance of payments, arguing that South Africa would continue with its present managed float of the rand.

Israel points to Jordan as source of PLO attacks

BY DAVID LENNON IN TEL AVIV

ISRAEL ACCUSED Jordan of becoming the planning centre for the Palestine Liberation Organisation (PLO) attacks against Israel which have escalated in their seriousness in recent weeks.

Replying to criticism in the Knesset over the Government's handling of security on the occupied West Bank, Mr Yitsak Rabin, the Defence Minister, said that since the PLO was allowed to return to Amman last year, the Jordanian capital had become the centre for PLO guerilla planning and issuing of orders to launch attacks.

The minister said that the security forces would not rest until they found the people responsible for the killing on Monday of an Israeli soldier in El-Bireh and other recent murderous attacks on Israelis on the West Bank. "We will catch them," he said grimly.

Despite pointing the finger at Amman Mr Rabin did not threaten any retaliatory action against the PLO headquarters in Jordan. He also ignored calls by right-wing Knesset members to respond by annexing the West Bank.

The chief of staff, Gen Moshe Levy, yesterday told the Knesset Foreign Affairs and Defence Committee that despite the seriousness of the recent attacks, statistics showed that there had been a decline in the number of hostile actions in the past year.

AMERICAN NEWS

STOCKMAN GIVES SPENDING WARNING

'Catastrophe' if Congress fails to back budget

BY STEWART FLEMING IN WASHINGTON

Mr David Stockman, President Ronald Reagan's Budget Director, warned yesterday of an impending "economic catastrophe" in the U.S. if Congress did not move to enact the deep cuts in federal spending proposed in the President's budget.

Mr Stockman's comments came as Administration officials launched a budget propaganda blitz on a Congress in which Republicans as well as Democrats are reacting with a mixture of disbelief and outrage at the President's budget proposals.

Senator Mark Hatfield, Republican chairman of the Senate Appropriations Committee, described the President's plan to hold government spending to a 1.5 per cent nominal increase in the 1986 fiscal year as "a fantasy budget conceived in the land of never-ending deficits."

Democrats have quickly rounded on the proposals, attacking their lack of fairness. The Speaker of the House of Representatives, Mr Tip O'Neill challenged the President to take his package of spending measures to the country and explain them in detail to the voters.

The Democrats, after weeks of silence on the budget plans as they have leaked from the Administration, have suddenly found their voices.

They see in the President's recommendations (which would hit federal subsidies to the middle class as well as trimming the real growth of some social programmes which benefit the poor) a political ploy that will backfire against the President.

Mr David Stockman ... propaganda blitz

"This Budget does not freeze anything. It is a $40bn (£36bn) reduction in domestic programmes and a $30bn increase in defence spending," Representative Bob Edgar said.

Republican Congressmen are making it clear, too, that they are concerned about the political implications of embracing a set of Presidential recommendations which will hit their constituents and supporters in the farm belt. Especially, there is dismay that Mr Reagan should be proposing sharp reductions in farm price supports in the midst of the worst financial crisis in the farm sector since the great depression of the 1930s.

Senator James Abdnor, a Republican from South Dakota, called the budget "unfair to rural America."

"A proposed 13 per cent defence increase and a drastic farm and rural decrease is unthinkable. I am against it," the Senator, a normally strong Reagan supporter, said.

An indication of the resistance which many of the President's detailed provisions will stir up came from the tobacco lobby which includes the powerful right-wing Republican Senator from North Carolina, Mr Jesse Helms.

Fearing the repercussions of cuts in tobacco price subsidies for their re-election prospects, politicians from tobacco states are digging in to oppose the President's proposals.

These reactions were anticipated by the President and will force the Congress to try to come up with an alternative and more politically palatable set of alternatives.

In so doing, they will in part have to go over the same list as the Administration in their search for budget cuts.

Aged 'no longer disadvantaged'

BY OUR WASHINGTON CORRESPONDENT

THE ELDERLY in the U.S. are no longer an economically disadvantaged group, according to the annual report of President Ronald Reagan's Council of Economic Advisers (CEA), released yesterday. This is partly because of rapid increases in social security payments.

The CEA analysis of "the Economic Status of the Elderly" implicitly, but not explicitly, lays out a succession of arguments favouring measures to curb federal spending on social security pensions which are drawn by 94 per cent of elderly Americans.

The council says: "Poverty rates among the elderly have declined so dramatically that in 1983 those for the elderly were lower than poverty rates for the rest of the population."

Work on the report was begun before Mr Reagan, facing pressure during the Presidential election campaign last year made his pledge not to recommend cutting social security benefits in his budget.

The thrust of the report reads like a document prepared to support reducing federal old-age pensions.

"Reducing the current disincentives to work facing the elderly . . will reduce their dependence on social security and simultaneously encourage the efficient use of one of the nation's most valuable recourses, the elderly," the council concludes.

Bankers urge $3bn boost to farm lending

By Nancy Dunne in Washington

THE INDEPENDENT Bankers Association of America, meeting in Washington to deal with the U.S. farm credit crisis, yesterday proposed that Congress add $3bn (£2.7bn) in loan guarantees for emergency assistance beyond the $650m authorised last year.

Mr Thomas Olson, an association official, said that bankers have been unable to participate in the current programme because of a "forgiveness" feature added administratively to the congressional scheme by the Department of Agriculture. Only $25m of the $650m authorised has been used in the scheme, said to be mired in red tape.

About 3,000 of the association's almost 8,000 banks are heavily committed to agricultural lending, and 22 of those banks failed in the last six months, he said.

Others, nearing lending capacity levels, are unable to take additional risks to forgive portions of old loans.

The association, in meetings with Congressmen and Agriculture Department officials, is also pushing a joint federal-private lender interest rate buydown programme, which could reduce rates by 4 per cent, with the federal government paying for 2 per cent of the buydown and the lender absorbing the cost of the other 2 per cent.

While the proposals will not help the marginal, heavily-indebted farmers, they will make continued operations possible this spring for those who have just recently been caught in a squeeze between declining land values and expensive operating credit

Meese wins Senate committee support

THE Senate Judiciary Committee yesterday recommended confirmation of President Reagan's controversial choice of Mr Edwin Meese as U.S. Attorney-General, Reuter reports from Washington.

It cleared the selection of Mr Meese, 53, a senior White House aide for the past four years, by a 12—6 vote, largely along partisan lines.

The nomination now goes to the full Senate, with a vote expected late this month.

Hugh O'Shaughnessy assesses relations between Castro and Reagan

Diplomatic dance eases the tension

WASHINGTON and Havana are dancing round each other in a sort of stately saraband which sooner or later may result in actual physical contact.

In the last half of 1984 Cuban and U.S. officials were hard and discreetly at work preparing an agreement on migration which was formally signed by the two countries on December 13.

The pact covered the resettlement in Cuba of 2,746 Cuban citizens who had left their homes in the 1980 exodus through the port of Mariel and who were deemed by the U.S. authorities to be "inadmissable."

They included mental defectives and convicts whom, Washington said, the Castro Government had "offloaded" on the U.S. among a hoard of genuine fugitives from the island. For their part the U.S. authorities signified their willingness to resume the acceptance of bone fide Cuban citizens who wished to settle in the U.S.

Within days of that agreement, which was officially welcomed by President Fidel Castro, senior White House officials were saying that the Reagan Administration would normalise relations with Cuba if the Cubans withdrew their military personnel from Nicaragua.

The leaks, genuine though they were, were immediately contradicted by State Department officials, while the Cubans insisted that their willingness to talk to Washington signified no lowering of their military guard.

During his meeting with Mr Neil Kinnock, the British Labour leader, at the inauguration of President Daniel Ortega of Nicaragua last month, President Castro said he sensed a less hostile attitude towards Cuba on the part of the Reagan Administration. Last weekend in the Washington Post the Cuban leader announced his country was willing to withdraw its military personnel from Nicaragua as part of a global settlement of the Central American problem.

On Monday Mr Larry Speakes, the White House spokesman, went out of his way to damp down speculation about better U.S.-Cuban relations by saying that President Reagan wanted to see "actions and not just words" from the Havana Government.

Mr Speakes cited what he called Cuban subversion in Central America, the deployment of Cuban troops in Africa, Havana's ties with the Soviet Union and Cuba's human rights violations as obstacles to be overcome if relations were to be improved.

Out of the public eye, however, the back room diplomats and politicians are continuing with the quiet processes which ultimately seem certain to lead to some rapprochement between Havana and Washington.

More U.S. immigration officials are going to work in the Swiss embassy in Havana to process the visa applications from intending Cuban emigrants and both sides are preparing for the six month review of the December accord to which they are formally committed.

Thus the two countries are sidling closer together while announcing to the world that they are giving up no point of principle.

The motives of both sides are not far to seek. Havana is in process of recovering from the fright it suffered in October 1983 when the U.S. invaded Grenada. In the weeks after the invasion the Cuban population were instructed to dig themselves in physically to withstand the expected U.S. strike on Cuban soil.

In the new Reagan attitude Cuba sees not just an insurance against another invasion scare but also a possibility of normalising relations. Such a normalisation would eventually bring great benefits to the strained Cuban economy.

For his part President Reagan is thought to be attracted by the idea of going down in history as the U.S. leader who made peace with Cuba—as President Nixon did with China more than a decade ago.

The benefits for the U.S. would come in the form of a reduced Cuban commitment to Nicaragua whose government raises extreme antipathy in Washington.

Such an advantage to Washington, however, might prove to be more apparent than real in that the Cubans have made it clear to the Nicaraguans that Cuban troops could never come to their aid in the event of a full-scale invasion.

In the interim the U.S. and Cuban governments will doubtless continue their discreet soundings of one another. Stronger signs of a real rapprochement may have to wait for diplomats from the two sides to meet formally once again in four months' time.

Kirk tries to dispel the gloom

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

WITH THE election of Mr Paul Kirk as chairman of the Democratic National Committee, the disillusioned Democrats have made a start on trying to pick up the pieces following their resounding defeat by President Ronald Reagan in November's Presidential elections.

But few even of Mr Kirk's supporters would claim that his election has yet restored a united sense of purpose.

Mr Kirk, 47, the party's former treasurer, is bravely seeking to life the general mood of gloom and discouragement. His victory last week, he claims, ended the "identity crisis" in the party. "The hand-wringing and soul-searching has ended," he says.

Mr Kirk, however, though an admitted political technician, is himself a divisive character. A Harvard-educated Boston and Washington lawyer, he has spent most of his political career on the Senate and campaign staffs of his close personal friend Senator Edward Kennedy.

Many Washington observers have jumped to the conclusion that Mr Kirk's elevation to the chairmanship presages another bid for the Presidency by Senator Kennedy in 1988.

Indeed, Mr Kirk had to go out of his way to play down his Kennedy connections to secure the party leadership.

Mr Mario Cuomo, Governor of New York, also a possible 1988 Presidential hopeful, is widely believed to have opposed Mr Kirk's election precisely because of the Kennedy factor, although Mr Cuomo strongly denies it.

For his part, Mr Kirk vowed strict neutrality in the run-up to 1988 and many Democrats accepted his assurances.

For the moment, however, the main point is less that Mr Kirk is a friend of Mr Kennedy than that he is widely seen as representing the old school of pro-labour Washington insiders who were behind Mr Walter Mondale's disastrous bid for the White House last year.

Mr Kirk has pledged to abolish, or at least modify, the rigid Democratic caucus system that guarantees racially and sexually balanced leadership—a key symbol to its opponents of the Democratic catering to special interests for which Mr Mondale was so bitterly criticised last year.

Mr Kirk has, however, sent what many in the party regard as conflicting signals.

Immediately after his election, he upset the system by declining to support the black caucus's official candidate for Vice-President.

But at the same time he pledged that the traditional constituents of the Democratic coalition would not be forgotten under his chairmanship.

Those most concerned in the Party are the Southerners and Westerners, who fear that in reaffirming its allegiance to the liberal, North-East, the party is

Mr Paul Kirk . . . "soul-searching has ended"

making the same mistake over again. They had wanted a more "moderate" chairman to appeal to mainstream America.

Mr Kirk agrees that the Democrats need to reclaim the "traditional values" that Mr Reagan has largely re-empted for the last five years. But like most Democrats nowadays, he has no new magic formula.

WORLD TRADE NEWS

Fall in sterling casts doubt on Irish membership of EMS

BY BRENDAN KEENAN IN DUBLIN

THE FALL in the value of sterling is beginning to alarm Irish exporters, and a leading Irish economist has cast doubts on the wisdom of Irish membership of the European Monetary System (EMS) when 70 per cent of Ireland's trade is in non-EMS currencies. Sterling is not part of the EMS basket of currencies.

Sterling has fallen by some 8 per cent against the EMS currencies, including the Irish punt (the Irsh pound), since last autumn. The significance for Ireland is that about 40 per cent of the country's trade is denominated in sterling and another 20 per cent in U.S. dollars, where there has been a 10 per cent depreciation of the punt in the same period.

The most recent complaint comes from Mr Joseph McCabe, chairman of Irish Ropes, who expressed concern about the effect of sterling's fall on export results. He said the company could live comfortably with the punt valued at 80 pence sterling — which had been its level for over a year — but not at 87p, which has been its value in recent weeks.

Mr Robert Kelleher, a partner in consultants Davy Kelleher McCarthy, said the recent pattern in exchange rate movements could be damaging to Irish industry.

Writing on EMS membership in the current Bulletin of the Irish Federated Union of Employers, he said: "The logic of an exchange rate policy which results in stability with a group of currencies with whom we do very little trade while allowing the key sterling and dollar rates to fluctuate significantly is not at all obvious."

The Irish Government is committed to the EMS, and it is pointed out that breaking the one-to-one link with sterling several years ago saved Irish exporters from the effects of the pound's rapid rise after the oil price increases of 1979. Irish Ministers would, instead, like to see Britain joining the EMS.

Should Britain stay outside, and sterling remain weak, Ireland would have to consider its position in any realignment of the EMS currencies to try to restore some of the competitive advantage lost to the British currency.

ACT and Tandy scale down computer shops venture

BY JASON CRISP

TANDY Applied Computer Techniques have cut back their plans for a recently announced £9m joint venture which was to form "the largest chain of computer shops in Europe."

ACT the British personal computer group; and Tandy, the giant U.S. electronics retailer, are restricting the joint-venture to Britain for the time being. It means it will only have 38 stores in the UK instead of 70 throughout Europe.

The investment has been reduced to £5m (including £2m working capital) and expectations of sales in the first year have ben cut from £50m suggested in December.

The joint-venture, at ComputerWorld, will consist of 18 former Tandy computer centres and 20 ACT Computer-World franchises. It started business on February 1, is expected to have sales of £20m and break even in the first year.

The joint-venture problem is a setback for ACT which is anxious to reduce its dependence on the UK market. It recently launched a company, Apricot Inc, in the U.S., and has been keen to expand in Europe.

Mr Roger Foster, founder and managing director of ACT, said in December that the joint-venture was of major strategic importance, on a par with the establishment of Apricot Inc.

ACT said the joint-venture had been limited to Britain because of the complexities of concluding agreements throughout Europe in time. It expected the joint-venture to expand into Europe at a later date.

In the meantime 30 Tandy computer centres in France, West Germany, Italy and Belgium will stock a limited range of ACT products for the first time.

Greece aims to sell $1bn of arms to Libya

GREECE HOPES to sell Libya military equipment worth $1bn (£909m) over the next five years, its Government said yesterday, Reuter reports from Athens.

A Libyan delegation had visited Athens in recent days for talks about intended defence purchases worth $500m, a government spokesman said.

Any equipment sold to Libya would be wholly Greek-made and Greek-designed, and the sales would not touch hardware Athens had obtained through Nato, he said.

The only arms system Greece has reported designing is the Artemis ground-to-air missiles system.

Greek officials have confirmed Libya's interest in this and also in fast patrol boats.

Prime Minister Andreas Papandreou signed a document there last September foreseeing trade exchanges.

● Mr Geoffrey Pattie, UK Minister of State for Industry and Information Technology, will visit Athens on Thursday and Friday to meet Professor Georgios Lianis, the Greek Minister of Research and Technology, and to sign an Anglo-Greek Agreement on applied scientific and technological co-operation, our staff reports. The agreement provides for exchanges of information and personnel, co-operation in research and development, and other forms of scientific and technological co-operation.

"Greece already has similar bilateral agreements with all other major EEC countries and, following Greek accession in January, 1981, the absence of an agreement with the UK has placed British industry interests at a progressively greater disadvantage," said Mr Pattie.

"This agreement will enable British industry to compete on equal terms with other countries."

Italians to build Algerian hospital

Bortolasio Spa, an Italian construction company, has won a L28bn (£12.8m) contract to build a hospital for the handicapped in Algeria, AP-DJ reports from Verona. The company expects to complete the 10,000-sq m turnkey project, which was awarded by the Algerian National Defence Ministry, within 15 months.

Latin America takes a fresh look at countertrade. **Robert Graham** reports

Barter could boost exports drive

THE HIGH COST of servicing Latin America's $350bn (£315bn) in foreign debt is causing th eregion to look with keen interest at countertrade as an alternative means of sustaining production and covering import needs.

A 10 per cent export growth for the region last year compares with an overall GDP decline of 1 per cent over the previous year.

According to the Organisation of American States the debt servicing costs will absorb 61 per cent of the region's exports. As a result, trade ministers are more anxious than ever to see the export drive continue. This means using new techniques, such as countertrade, to ease the cost burden of importing and meximising the export potential of the region.

Significantly, governments have been cautious to give too public an endorsement of countertrade activity.

In the meetings of the Latin American debtors, which began with the Cartagena meeting in June 1984, specific reference to countertrade solutions has been avoided. The prevailing attitude appears to be conditioned by two considerations.

Above all, governments in Latin America still view countertrade as a mechanism of last resort. Secondly, and interrelated, governments are unwilling to discuss openly the kind of "barter" of necessity involved in countertrade.

In addition brokers, bankers and traders who have sought to put together counter trade deals in Latin America complain that bureaucracy is a fundamental barrier. Since the nature of countertrade is a complex series of transactions, the bureaucracy is enormous and on occasions so daunting in countries like Peru or Argentina as to diminish its attraction and value.

The assumption has often been made that Latin American countries should seek to arrange countertrade deals with the industrialised countries first and foremost. This is because traditional barter deals with Eastern Europe have proved cumbersome and tied to products which have not always been wanted, or which have been lacking in quality.

Fruitful area

However, within organisations such as the United Nations' Economic Commission for Latin America (ECLA) there is a feeling that a fruitful area of countertrade is among Latin countries themselves.

Almost without exception the cut-back in imports—a continent-wide phenomenon of the past three years—has most affected inter-American trade. Brazil for instance lost $6bn in exports to traditional Latin American markets during the past three years. On a smaller scale, but of equal relative importance, the downturn in the Venezuelan economy meant the loss of over $400m worth of exports a year by Colombia.

This regional trade has been cut because countries have needed to go for hard currency exports. They have also cut consumption, especially foodstuffs. It is unlikely that significant deals can be made on private sector initiative—the state therefore has to act as a catalyst.

Argentina, Brazil and Mexico have started an interesting exercise by studying, at an official level, joint ventures and establishing where there can be a useful interchange of products. They would like to focus on trading manufactured products rather than foodstuffs, but the project is only in its infancy.

Brazil has undoubtedly been the most dynamic in countertrade—largely because of the diversity of its economy and its shortage of hard currency. In particular imaginative deals have been put together with Iran, Iraq and Taiwan. A large amount of military hardware sold to Iraq during the Iran-Iraq war has been paid for in Iraqi crude. Iranian crude has also helped pay for Brazilian chickens. Last year Brazil sought to offset the purchase of two West German submarines via $220m iron ore supply dea.

The rational for seeking to pay for submarines with iron ore was to circumvent possible restrictions on credit facilities by the West German authorities, despite lengthy reluctance by the West Germans for such deals.

Defence sales do offer scope for counter trade, particularly between advanced developing countries.

Little is known, for instance, about the way in which Israel sells weapons to Latin American countries—sales that vary from Uzi submachine guns, to tanks, guns and aircraft. In some cases, as in the sale of helicopters to Guatemala, Israel is said to have accepted local currency and held it on account against the purchase of future Guatemalan goods, or it has been used to cover the local currency cost of other Israeli enterprises.

Peru has successfully tied up a series of countertrade arrangements with the Soviet Union to cover repayment of its $1.2bn debt. Last year agreement was reached on providing the Soviet Union with about $200m worth of goods that ranged from copper and silver to toilet paper.

Peru, encountering serious difficulties in servicing its debt, is perhaps the country most desperate to expand counter trade. Ministers openly talk of its possibilities.

Once-off basis

Yet most of the deals with the West mentioned refer to once-off arrangements. This seems to be the heart of the problem—deep down few Latin American countries are convinced that countertrade can work effectively except on a one-off basis.

More progress might have been made if the international commercial banks had shown greater interest. The banks have been reluctant to accept goods in lieu of debt—just as they have been reluctant to convert debt into equity. The banks do not regard themselves as brokers or traders.

Nigeria set to respond to building debt plea

BY PETER BLACKBURN IN LAGOS

THE NIGERIAN Government is expected to respond soon to proposals made recently by the country's Federation of Building and Civil Engineering contractors to reschedule up to Naira 1.5bn (£1.3bn) of debt payable in local currency and thus avert a possible collapse of the local construction industry.

Nigerian contractors complain that their payment problems have been "completely overlooked" by the Government which has given priority to debt owed to foreign bankers, trading partners and contractors.

The federation has some 200 member companies which are incorporated locally and are at least 60 per cent Nigerian owned. The minority interests are largely held by well-known British, West German, French and Italian construction companies.

"These are real debts for completed work, and they are biting," the Federation's president, Mr Emmanuel Olowo-Okere said in a recent interview. "Huge sums are owed. Half a dozen contractors have arrears of more than N 50m. They can't obtain further bank loans or overdrafts and are facing insolvency."

The Federal Government proposed last September to issue naira promissory notes redeemable over five years without interest and discountable once only.

The contractors responded this month by asking that the rescheduling should also include state government debt; interest at the current commercial rate should be payable on the promissory notes; the notes should be acceptable by the Central Bank of Nigeria as naira payment of trade bills involved in the external refinancing scheme: and the notes should be freely discountable with recourse back to the Federal Republic of Nigeria.

● U.S. consulting engineer Bechtel is reportedly close to signing a management and technical assistance contract for Nigeria's multi-billion dollar federal capital being built at Abuja.

Maj-Gen Mamman Vatsa, the minister responsible for the federal capital territory, said in a Budget speech recently that negotiations with a foreign partner for a two-year contract were at an "advanced stage." He said the contract should become effective from March 1.

It is expected that the consultants will be asked to reassess and rephase the project to take account of the country's financial difficulties.

No major contracts have been awarded for nearly two years, and work on many projects has been halted.

China pinpoints business chances

By Jonathan Carr in Davos, Switzerland

CHINA PLANS to boost sharply its production of consumer goods over the next five years to meet the needs of a richer and choosier population.

Sectors marked for strong development include those producing household appliances, automobiles, motor cycles, textiles, clothing and food, according to Weizhong Fang, vice-chairman of China's state planning commission.

Fang was giving a first outline of the next five-year plan (1986 to 1990) to top business executives gathered at the Davos international management symposium. He expected more details of the plan to be available in September.

Per capita net income of the rural population alone had increased by 80 per cent between 1980 and 1984, Fang said. As a result, the consumption pattern of those on the land had begun to follow that of the urban population. China's industrial system and product mix had to be developed to take account of this.

Fang, who repeatedly stressed that China would not go back on its "open door" policy to the outside world, also made the following key points on the 1986-90 plan.

● New hydro and thermal power plants would be built "as well as a few nuclear power stations in coastal areas where energy consumption is high." It was planned to add 25 to 30m kw of installed capacity in the next five years.

● Production of coal would be boosted by 30-40m tonnes annually and oil exploration efforts would be intensified.

● Special attention would be given to improving the telecommunications and transport sectors, which were outmoded, and to expanding the electronics, chemicals and machine building industries.

Fang said China would also seek to: restructure its "rigid and ineffective" management system; ease price controls step by step; "consciously apply the law of value and make use of the market mechanism."

The country's biggest single problem, Fang said, was lack of trained manpower. None the less he was confident that China would meet its aim of quadrupling industrial and agricultural output by the year 2000.

So far, China had attracted $4.8bn (£4.4bn) in foreign capital.

Brussels puts ships contract under scrutiny

BY PAUL CHEESERIGHT AND RICHARD TOMKINS

TERMS OF a contract won by Austin and Pickersgill, the shipbuilding unit of the state-owned British Shipbuilders at Sunderland on the east coast of England, are to be scrutinised by the European Commission.

The UK Government, however, last night dismissed speculation in Brussels that it might be about to defy the EEC by offering unauthorised subsidies to the yard.

The yard last week secured a contract worth an estimated £28m to build two ships for an undisclosed foreign owner. The deal was jeopardised on Friday last week when the 1,500 workforce walked out over a proposed productivity agreement, but the issue was settled in talks at the weekend.

There are fears in Brussels that the Government may be in breach of EEC rules on subsidies for shipbuilding contracts by offering Austin and Pickersgill a subsidy for the contract without EEC authorisation.

Under the EEC intervention fund rules which expired last summer a ceiling of 17 per cent was set on subsidies. Since then, cases have been settled on a case-by-case basis.

Neither Austin and Pickersgill nor British Shipbuilders would comment on subsidies last night. The Department of Trade and Industry, however, said the contract had not yet reached the stage where a subsidy had been offered and that any subsidy that might apply would be negotiated with the EEC and conform with its rules.

The case has come up at a sensitive moment. The new Commission has already signalled that it will continue to crack down on subsidisation started by its predecessor.

At the same time it will not want to adopt an elastic subsidies policy for Austin and Pickersgill in particular and British Shipbuilders in general while it is confronted with demands from France and Italy for permission to raise shipbuilding subsidies.

Conoco discovery joins spate of North Sea gas finds

BY DOMINIC LAWSON

TWO NORTH Sea gas discoveries were announced yesterday by Conoco, the U.S. oil company. The finds are among a host of recent gas discoveries that have enabled the Government to upgrade its estimate of North Sea gas reserves by about 20 per cent. An announcement of this upgrading is expected soon.

The recent spate of North Sea gas discoveries is also one of the principal factors behind the Government's opposition to British Gas's plans to import $30bn of gas from Norway's Sleipner field.

The more interesting of the two Conoco discoveries is in block 29/2A, 130 miles east of Aberdeen. That well tested 28.4m cu ft of gas a day, and 1,850 barrels of natural gas liquids.

Conoco said yesterday that additional drilling would be required to determine the size of the accumulation.

Other companies involved in the discovery are Placid Oil, Caledonian Offshore, Ranger Oil, Saxon Oil and Union Jack Oil.

The second discovery in block 44/22, located in the southern North Sea, 100 miles due east of Flamborough Head, has caused less excitement among oil analysts.

It tested only 3m cu ft of gas and 33.4 barrels of natural gas liquids. The zone in which the gas was discovered is known to be "tight" – that is from which high flow rates are unattainable without some form of artificial stimulation.

The other partners in the find are Britoil, Tricentrol and Saxon. Saxon's involvement in both finds caused a sharp rise in its share price yesterday.

● Britoil yesterday announced that it had been awarded a licence of 5,490 sq km by the Government of Thailand. The acreage, around the Thai capital of Bangkok, will provide the UK's largest independent oil company with its first chance to operate onshore.

'Bad year' for investment trusts

BY CLIVE WOLMAN

UK INVESTMENT trusts, which control more than £18bn of assets, had a "rotten year" in 1984 in terms of their investment performance, according to a survey published yesterday by Edinburgh stockbrokers Wood Mackenzie.

Only three general investment trusts achieved higher returns on their assets in the 12-month period than the return on the FT-Actuaries All-Share index, the most common benchmark of investment performance.

The average return on net assets of the entire sector was 8 per cent lower than that on the All-Share index, and 9 per cent lower than the return on the Capital International World Index (in sterling terms), which covers all world stock markets.

Wood Mackenzie singles out several reasons for the poor performance. Probably the most important was that fund managers hedged against a fall in the dollar and thus lost when the dollar rose sharply. Wood Mackenzie complains that the Association of Investment Trusts has refused to supply information about the currency exposures of different funds, which would show how large currency profits or losses were.

The other main reason for the trusts' poor performance was their large investments in small companies that fared poorly in 1984, according to Wood Mackenzie.

In the longer term, over five years, investment trusts' returns remain ahead of the All-Share index, despite the poor 1984 returns.

BMW cars 'cheaper than in Belgium'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BMW CARS sold in the UK are now cheaper than in Belgium or West Germany, Mr Paul Layzell, managing director of BMW's British subsidiary, claimed yesterday.

Many British buyers have been personally importing BMWs, among other cars, from continental Europe in recent years because of lower prices on the continent. But Mr Layzell claimed that, in the case of BMW cars, that was no longer financially worthwhile.

He said that once items that were standard fitting in Britain, but had to be paid for as optional extras in Belgium, were taken into account, UK prices before all taxes were from 2 per cent to 11 per cent below those in Belgium.

The UK Consumers' Association argues that British buyers should not be forced to pay for "extras" in a car's list prices. But Mr Layzell maintained that the specification of BMWs sold in Britain evolved from past demand.

"If we had got it wrong, our dealers would be jumping all over us for supplying cars they could not sell," he said. Cars without the "extras" that made them more desirable for UK consumers were much more difficult to sell in the used-car market. The prices offered for them reflected that difficulty.

Mr Layzell also replied to claims by the Consumers' Association that some BMW dealers in Belgium were thwarting customers who wanted righthand-drive, UK-specification cars. He said there was no question of BMW impeding sales in any Common Market country. The fact that about 1,000 BMWs were personally imported to Britain last year proved the point.

He said, however, that because righthand-drive cars were built to special order, customers might have to wait four or five months for delivery until their order was fitted into the production schedule at the West German factories.

Mr Layzell was giving a progress report on BMW (GB) and said the company expected to lift UK car sales by 20 per cent this year to about 30,000, compared with 25,785 in 1984.

The boost would be made possible because uncertainties in the West German market about emission control proposals had caused all car producers to suffer from a downturn in orders. That had released some extra capacity for Britain.

The main increase would come from a new "tax-beating" 518i saloon, Mr Layzell said. He expected sales of the model to reach 1,500.

Only 450 of the 518 saloons were registered last year.

BMW's motorcycle sales in the UK rose 33 per cent to about 2,800 last year at a time when the UK market fell by 18 per cent. The company hopes to hold its sales at the 1984 level this year, or to experience only a slight decline, even though the total market is forecast to fall by a further 10 per cent.

General Mills to enter UK snack food market

BY CARLA RAPOPORT

GENERAL MILLS, one of the largest U.S. food groups, is moving into Britain with its first UK-made product, a chewy cereal bar.

Sales of cereal bars in Britain went up by 45 per cent last year to £10m. As a result of General Mills' new product, to be called Jump, this market is expected to double in 1985.

Mr Tim Lee, managing director of BN Biscuits and Foods, General Mills' UK subsidiary, said the group had technology to produce moist, chewy bars of a type new to the British market which was more accustomed to a crunchy product.

General Mills is spending £2m on a nationwide advertising campaign to promote Jump. Last year, the whole sector spent £800,000 on advertising. Mr Lee aims to build Jump's sales to £5m in its first year.

Jordans, the family-owned cereal company, is at present market leader in cereal bars and says it welcomes General Mills' entrance. "It will widen the market overall. We do not think we will be significantly hit," Mr Graham Lee, of Jordans, said.

The Bedfordshire company expects its sales of cereal bars to climb by 25 per cent this year to £8m. Jordans launched its cereal bar in 1980.

Other companies believed to be studying the cereal bar market include Rowntree Mackintosh and United Biscuits. Sainsbury, the leading UK food retailer, has just launched its own-label version of the snack, while Quaker's Harvest Crunch, a sweeter bar than Jordan's, continues to expand sales.

In the U.S. sales of cereal bars doubled over the last five years and are expected to reach $350m this year. According to Mr David Lang, a food analyst with Henderson Crosthwaite, the London stockbrokers, the competition between General Mills and Quaker is "cut-throat."

Tour surcharge likely

BY ARTHUR SANDLES

PACKAGE holiday surcharges of between £10 and £20 for the average trip to the Mediterranean basin have been predicted by one of Britain's largest retail travel agency chains.

Lunn Poly, a Thomson Travel subsidiary and sister company of Britain's biggest tour operator, Thomson Holidays, yesterday suggested that surcharges of around 6 to 7 per cent could be expected on early summer holidays to Spain. That would put about an extra £20 on the average two-week trip. About half that sum would be imposed on many rival destinations.

Tour operators fix their surcharges about 10 to 12 weeks before departure.

Mr Paul Brett, managing director of Lunn Poly, said: "Currency surcharges around the Mediterranean vary. In Bulgaria and Yugoslavia they are very small; in Spain, Tunisia and Malta they are larger."

Lunn Poly is predicting the highest surcharges of all for Malta. Its threatened 10 per cent level reaches the point at which most tour operators introduce their guarantee of no further imposts.

Talk of surcharges comes at a time when there are trade rumours of Spanish co-operation in keeping peak summer prices down. It is no secret that Spanish bookings have been depressed by price rises and violence at resorts.

Cabinet set to examine social service reforms

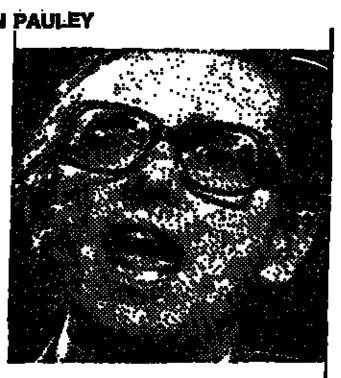
BY PETER RIDDELL AND ROBIN PAULEY

MR NORMAN FOWLER, Social Services Secretary, is putting the finishing touches to his proposals for a reform of the £40bn-a-year social security system which will be considered by a special Cabinet commitee.

The Government hopes agreement on what are certain to be highly contentious proposals can be reached by early summer. A White Paper (policy document) would then be published detailing what Mr Fowler believes to be the most far-reaching reform of social security since the Beveridge Report 40 years ago. Legislation would be introduced in the next parliamentary session.

The main aim is to simplify the social security structure into four main groups, qualification for which would be prompted only by income levels. Many recipients will get improved benefits, but the political difficulty of the reform will lie in the abolition of as many fringe benefits as possible and the means-testing through taxation of others.

Many threatened fringe benefits are of the type that stir backbench emotion quickly – the £10 Christmas bonus to pensioners, the £30 death grant, the £25 maternity grant. Abolition of other minor benefits such as heating, dietary, baths and the 25p-a-week over-80 supplementary benefit allowance will all raise protests from lobby groups.



Mr Norman Fowler

The Treasury and Mrs Margaret Thatcher, the Prime Minister, have been closely involved in all the discussions so far, but no decisions have yet been taken. Mrs Thatcher is understood to be especially anxious about presentation, as the Treasury is aiming to take between £2bn and £4bn a year out of the social security budget, which now accounts for about 30 per cent of all public expenditure.

The main aim will be to present the changes as providing significantly more money for the deserving (as opposed to the "undeserving") poor.

The main change will, therefore, be to raise the amount of supplementary benefit for everyone qualifying by such an amount that they will be clearly better off, even after all the small additional allowances have been abolished.

Other options under consideration are:

- The ending of the universal flat-rate child benefit system, which costs £4bn a year. All people with children would qualify for a basic tax repayment (less than the present £6.85 a child). But there would be a second taxed portion which would give proportionately more cash to the less well-off families.
- Changes to family income supplement and housing benefit to rule out the inconsistent overlaps in such a way as might lead to the virtual ending of the housing benefit.
- Simplification of many of the differentials in the pension scheme, particularly those relating to age in the state scheme and the elimination of overlap – state widows' pensions for those already entitled to a contracted-in pension under the state scheme, for example. Maintaining the real value of the state pension ad infinitum is also under question.

The chief aim is to save on both payments and administration by having as few benefits as possible, payable once a person passes an income trigger. The proposals are so controversial that Mr Fowler has been working on them in strict secrecy and is anxious that option details should not leak widely during the Cabinet committee discussions.

Tax investigators to visit underwriting agencies at Lloyd's

BY JOHN MOORE, CITY CORRESPONDENT

THE SPECIAL investigations section of the Inland Revenue plans to visit the offices of nearly 200 underwriting agencies at Lloyd's, which manage the affairs of 23,438 members of the insurance market, in an effort to identify undisclosed tax liabilities.

Neville Russell, leading accountants at Lloyd's, revealed at a seminar last month that the special investigations section was planning to check underwriting agents' documents and certain contracts of insurance.

The Revenue's more detailed examination has been prompted by responses from the underwriting agents to a request by the special investigations section for information about reinsurance arrangements made by underwriting agencies' staff.

According to Neville Russell the Revenue does not accept that all arrangements disclosed as a result of its letter of April last year are policies of insurance "and contends that some of the policies should have been treated as investments in the syndicate accounts and tax computations."

The Revenue is also concerned that the documentation provided by Lloyd's underwriting agencies about the amount they set aside each for future losses has been "inadequate." The amount set aside for future insurance losses, in the form of a "reinsurance to close item" stands at £2.7bn. In the last underwriting account, this item was increased to its present levels by £600m and the Revenue is seeking detailed justification for the amounts underwriting agents have set aside.

Mr Frank Barber, deputy chairman of Lloyd's, has told agents in a letter that it is "important for tax purposes that the judgment (for the reinsurance to close item) is well founded. This requires evidence. If there is no evidence to justify the figure arrived at, that figure will be no more persuasive for tax than one that is plucked from the air."

He has urged that underwriting agents provide full records for the calculations, supported by graphs, charts and statistical or actuarial techniques.

The Internal Revenue Service of the U.S. is also becoming concerned about some of the arrangements effected by Lloyd's underwriters. Lloyd's underwriting members are liable to pay U.S. tax on that part of their business carried out in the U.S. The Revenue Service shares some of the same fears of the British Inland Revenue about the commercial purpose of some of the insurance arrangements made by working members of the Lloyd's market.

Pressures mount on miners' union

By Our Industrial Editor

THE NATIONAL Union of Mineworkers (NUM) is now under the heaviest pressure it has encountered in the 11-month dispute to bring it to a resolution.

The South Wales area leadership has sent an urgent message to Mr Peter Heathfield, the NUM general secretary, protesting against a decision to postpone the routine meeting of the national executive scheduled for tomorrow.

South Wales leaders face a round of pit meetings this weekend, and a reconvened area delegate meeting next week – from which they expect strong calls for a disciplined end to the strike, if necessary, without an agreement.

Mr Emlyn Williams, the South Wales area president and Mr George Rees, the area secretary, would be likely to regard such a call as a mandate to argue the line at national level – in concert with left wing leaders from other coalfields.

There are clear signs that the National Coal Board (NCB) is now prepared to close pits that are regarded as beyond saving for health and safety reasons. That might lead to compulsory job losses. Mr Albert Wheeler, the Scottish area director, yesterday gave a warning that the six Fife pits – where return to work has been minimal – might lose jobs "because it is the Fife pits that are deteriorating rapidly."

The Frances pit, in Fife, has already closed with the loss of 500 jobs. Mr Wheeler said last night that the Boar mine was "fighting a losing battle" against a further fire in the linked Seafield pit, where a further 1,800 jobs are at risk.

The NCB yesterday emphasised that "no resumed negotiations are contemplated," after a meeting between Mr Pat Lowry, the chairman of the Advisory Conciliation and Arbitration Service and Mr Merrik Spanton, the board member of personnel. The NCB said: "The review that took place of the NUM dispute showed no indication of any change in the union's position."

The root obstacle to re-starting negotiations is seen as presentational rather than principled, a matter that is seen as especially acute for the board. Although both sides have tacitly expressed understanding of the other's position, the board must have an agreement that makes explicit its right to close uneconomic capacity, while the NUM executive is not likely to agree to such a deal.

A further 684 "new faces" turned up for work yesterday, considerably down Monday's total but nearly as high as the previous Tuesday "record" in November.

Large returns were again recorded in the north east of England and Scotland.

The pit deputies' union, Nacods, yesterday announced its acceptance of the NCB's 5.2 per cent pay award after a ballot of the 15,500 membership. The voting was 7,013 for and 5,495 against acceptance.

Peter Riddell, Political Editor, writes: Mrs Margaret Thatcher, Prime Minister, said in the House of Commons yesterday that negotiations to end the strike might begin quickly if the NUM accepted an agreement reached last autumn with Nacods.

Whitehall officials later made clear that if the NUM took that view there would be no need for anything else on paper.

Many pits still solid for strike despite drift back to work

JOHN LLOYD, Industrial Editor, reports on the areas where the vast majority of miners are still on strike and looks at the reasons for their solidarity.

NATIONAL Coal Board (NCB) officials yesterday were again enthusiastically proclaiming record numbers of working miners in area after area and coal production for the first time in pit after pit.

Naturally, the officials do not highlight where the drift back is *not* happening. Yet it is clear that there are substantial pockets, up and down the country, where the strike is still nearly 100 per cent solid. Where are these, and why?

South Wales is the obvious exception to the drift back to work. The whole area, it seems, has collectively decided (with a few exceptions) to go back together or not at all. Only in one pit – Cyntheidre, with 127 workers out of some 1,080 men – has there been anything approaching a back-to-work movement.

At the other, more typical, end of the scale, the collieries of Abergwm, Deep Navigation, Mardy, Oakdale, Penrikyber, Taff Merthyr, Tower and Trelewis Drift have no miners. At Deep Navigation, a lonely female canteen worker crosses the picket lines.

A host of reasons have been adduced for this impressive solidarity in the face of adversity. There is the area's traditional, almost religious, loathing of strikebreakers; the persisting isolation of the mining communities; the deep radicalism of the South Wales miners. Of the pits that have no one back at them, many cluster round the mining village of Treharris, where loyalties are particularly strong.

Yet the pressures are intense. The area leaders, at pit and area council level, are growing increasingly critical of the national leadership's strategy. Mr Hywel Francis, the South Wales archivist for the National Union of Mineworkers (NUM) refers scornfully to "no more than a syndicalist" strategy of industrial confrontation and regular sectional calls for a general strike and mass picketing.

Many believe that the area leadership is finding it more and more difficult to hold the line but that, if it showed signs of breaking, they would lead the men back together rather than suffer fragmentation.

Kent in south east England is similarly solid – but that isolated field has only a little over 2,000 miners and three pits. Tilmanstone has 89 men working, Betteshanger 50 and Snowdown a mere 19. For a few days earlier this year, Kent (like South Wales) actually showed a *drop* in those working as the area's campaign to persade miners to rejoin the strike appeared to pay off.

The Kent coalfield was manned in the 1920s by "refugees," largely from the north east of England – miners who had been blacklisted because of union activity (or even union membership) and who hiked south for work. The radical tradition remains. The area leadership is uniformly militant, often communist, and the sense of embattled isolation in the "garden county" probably accentuates the sense of apartness.

There are no other entire areas or fields that are so solid. But in Yorkshire, Scotland and the north east of England, there are substantial areas, incorporating numbers of pits, where attendances are tiny. In Scotland, for example, there is a particularly sharp "north-south" divide, with pits in the south showing on average a 50 per cent attendance and the northern pits – in Fife – with very few at work.

Mr Albert Wheeler, the NCB's Scottish area director, last night said that "it is these (Fife) pits which will lose jobs – because it is the Fife pits which are deteriorating rapidly."

Already, 500 jobs have gone at the old Frances mine because of a fire on the only face. More jobs are at risk in the linked Seafield complex. In the other Fife pits, Comrie has only 10 men back, Castlehill only 19 and Longannet, one of Scotland's biggest, only 12.

Fife miners have always seen themselves as special. They were the last group of "serf" labourers in the country, only achieving freedom from a contract that bound them by law to the coal companies at the beginning of the 19th century. Fife has been one of Britain's most radical areas, returning a communist MP for 20 years.

In Yorkshire, with 6,272 men working out of about 50,000 miners, the pits are split between those with large numbers back – such as Manton and Shireoaks in South Yorkshire – those with a considerable minority back – like Kellingley and Selby in North Yorkshire – and those with very few back, to be found in the greatest numbers in the Barnsley and Doncaster areas.

In the Barnsley pits of Dearne Valley, Kinsley Drift, Darfield Main, Grimethorpe and Royston Drift, at most eight miners are back at each pit, and at some as few as two.

In the whole of the Doncaster area, only 404 men have returned to 10 pits, with Frickley, Goldthorpe and Hickleton being among the most solid. Doncaster has long been the NCB's nightmare area. It has consistently proved militant and consistently turned in low productivity figures, in spite of thick coal seams.

Two of the toughest of the Yorkshire area's leaders – Mr Owen Briscoe, its general secretary, and Sammy Thompson, the area vice-president – come from Markham Main pit in Doncaster. Mr Arthur Scargill, the NUM president, himself worked at Woolley in the Barnsley area. It was in those two areas, especially Doncaster, where the left scored its most notable successes in its rise to power within the Yorkshire coalfield.

In the north east of England, the traditionally moderate Northumberland field has shown a return to work of some 50 per cent. In Durham, however, a group of pits have gone against an otherwise fairly rapid return-to-work trend. Those are Easington, with 61 back out of 2,169 men; Murton, with 119 back out of 1,502; and Eppleton, with 180 back out of 864.

In the rest of the country, the pockets that have held out for many months, since the strike began last March, are now filling with returning miners.

Many "hardcore" areas have crumbled. Those left – and it should not be forgotten that most miners remain on strike – might constitute a thorn in the NCB's side for months to come if no settlement is found.

Top union leader to step down

MR DAVID BASNETT is to resign as leader of Britain's third largest trade union. His departure as general secretary of the Municipal and Boilermakers' Union will leave a considerable gap in the senior reaches of the Trades Union Congress (TUC) and Labour Party, **Philip Bassett writes.**

His unexpected announcement was given yesterday to a routine meeting of his union's executive council. He said he intended to leave some time this year.

Personal reasons are likely to be the most immediate factor. One of his two sons was recently paralysed after a sporting accident, but another factor might be the imminent departure of Mr Larry Whittle, his right-hand man in the union, who is to be the next general secretary of the Labour Party.

□ **MR JOHN LLOYD,** Industrial Editor of the Financial Times, has been named as 1984 "Journalist of the Year" in the 28th annual press awards presented by the Granada television programme What the Papers Say.

Mr Gus MacDonald, an executive producer at Granada, said that Mr Lloyd's coverage of the miners' strike had been "straight, accurate and sympathetic reporting of all sides." The award, he said, was for his "illuminating analysis" and for leading "the outstanding labour team in British journalism."

□ **MERGER** plans by the Coventry and the Heart of England building societies have been dropped. A joint statement said that both societies had decided to develop independently. The merger would have created a society with assets of £1bn.

□ **A GOLD** medal for architecture has been awarded by the Royal Institute of British Architects to Mr Richard Rogers, who designed the Centre Pompidou in Paris in 1971. Mr Rogers designed the new building for Lloyd's, the insurance market, which is now under construction in the City of London.

□ **DOVER** Harbour Board is to develop its Eastern Docks at a cost of £10m. Passenger facilities will be expanded and land reclaimed for additional lorry parking space. Last year Dover handled 14m passengers and 730,000 freight vehicles.

□ **TYNE** Shiprepair of South Shields, north east England, expects to show a modest operational profit on turnover of £19m–£20m at the end of the first year since it was returned to the private sector.

□ **WOOLWORTH** Holdings confirmed that Mr Paul Guy, group finance director, had resigned after less than six months in the post. The stores group said he had left for "personal reasons" and refused to comment further.

Mr Geoff Mulcahy, group managing director, said, "There had been no disagreement over policy or financial matters." Mr Guy had been deputy chairman of Comet, the electrical stores chain that was acquired by Woolworth last year in a £186m deal.

□ **BRITAIN** will lead the world in energy efficiency within a few years, Mr Peter Walker, Energy Secretary, told a London business conference. He said the UK was beginning to move up the efficiency table "and I hope that within the next few years we will be at the top of the league."

It would be wrong to underestimate the degree to which energy was going to be one of the world's biggest growth industries, he added.

Labour MP will not contest election

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

MR JIM CRAIGEN, the Labour Party's deputy spokesman on Scottish affairs, has shocked local party organisers and some fellow MPs by announcing that he will not contest the next general election.

Mr Craigen, who is 46 and has held the Glasgow Maryhill seat with comfortable majorities since 1974, appears to be a casualty of the boredom, frustration and low morale that goes with being in opposition rather than of factional warfare inside the party.

He is not one of the MPs considered to be under threat from left-wing activists during the party's reselection process for its MPs. On the contrary, despite strained relations with left-wing groups in his local party, he was not under challenge by any single candidate on the left. Party organisers in Scotland expected him to gain reselection comfortably.

They described his announcement to his local party that he would not seek reselection "as a bolt from the blue."

In a letter to his local party convener, Mr Craigen explained: "Whilst still in my 40s, I feel there are other ways in which I can serve, and at the same time do other things." He added: "The frustrations in recent years under this Government have been considerable."

Mr Craigen was appointed, soon after entering parliament, as Parliamentary Private Secretary to the Secretary of State for Scotland and later became chairman of the Scottish group of MPs and of the select committee on employment.

He gained a reputation as a serious, hard-working committee member and a good constituency MP. His decision to leave parliament is likely to be seen as an ominous sign of the times for Labour.

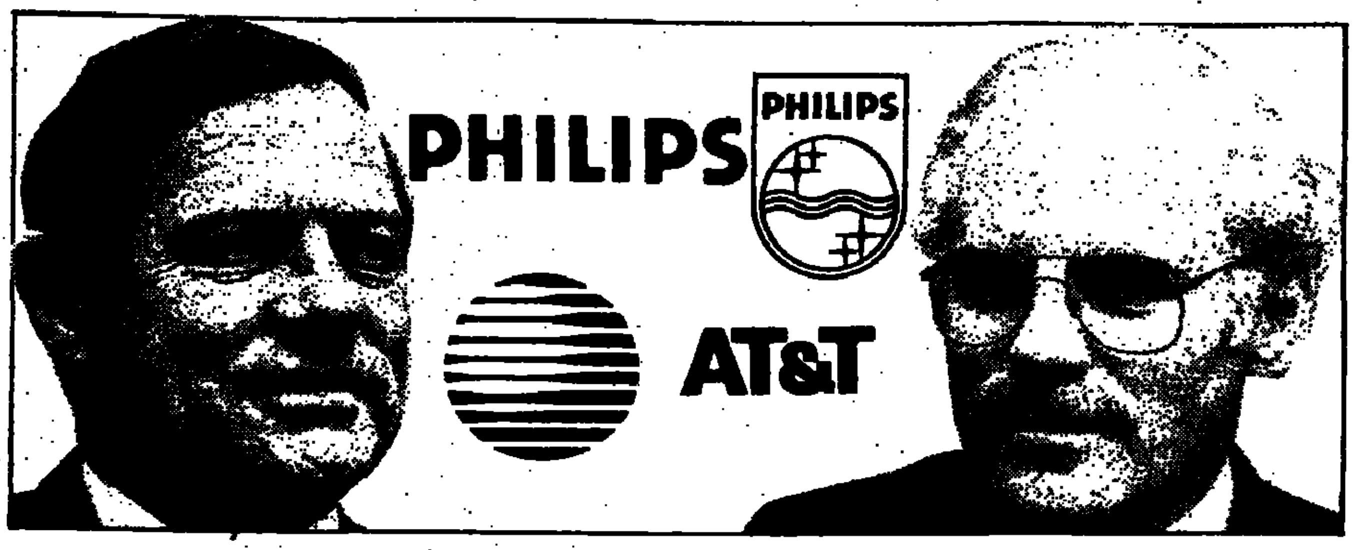
THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

AT & T/Philips joint venture

Still facing a hard slog

Guy de Jonquieres on the teething troubles of a controversial alliance



Al Stark (left) and Fred Kuznik: in the bidding for a major BT contract

WHEN American Telephone and Telegraph and the Dutch Philips group announced in 1982 that they planned to join forces to attack international telephone equipment markets, the news sent tremors through the world telecommunications industry.

For European manufacturers, struggling to survive in an overcrowded market, the prospect of the huge AT&T setting up on their doorstep was as welcome as a cancelled contract. From Paris, President Mitterrand roundly condemned Philips for betraying Europe's efforts to take a joint stand against U.S. and Japanese competitors in high-technology.

But a little over a year after it began operations, the two partners' joint company, AT&T and Philips Telecommunications, (APT) has still to make any real impact. Far from taking Europe by storm, as competitors feared, it is still struggling to break through the barriers surrounding the old continent's biggest national markets—and to win a share of fiercely contested orders from the Third World.

"It's going to take some real slogging. We've got to earn our way," says Tom Powers, technology vice president of APT. Prudence rules out brute force tactics to gain market entry: "Going head-to-head against major national manufacturers like Siemens in West Germany and Cit Alcatel in France would be a kamikaze school of marketing."

As a consequence, the company, which has its headquarters in Hilversum in the Netherlands, is having to seek its opportunities where it can, waiting patiently for national markets to open up. It has so far won small orders for digital exchanges based on AT&T No 5 ESS design from the Netherlands, Colombia and Saudi Arabia and hopes to bid to supply a data communications network to the West German Post Office.

APT's great white hope is the UK, where it has been chosen by British Telecom to bid to supply a freephone network and an alternative to System X exchanges made by Plessey and GEC. The other bidders for the two separate contracts are Canada's Northern Telecom and the Anglo-Swedish Thorn Ericsson.

Whoever wins the BT exchange contract—due to be awarded in April—is expected to receive an initial order for about 100,000 exchange lines, worth between $20m and $40m. But purchases are expected to rise rapidly to total more than $1bn over several years. The freephone contract, to be awarded this month, will be smaller, worth between $20m and $50m.

Equally important is the prestige of BT's seal of approval—a valuable reference in selling to other telecommunications authorities. "No doubt about it, if we get the BT order, this corporation will have to be contended with," says Al Stark, president of APT and, like Powers, a former AT&T executive.

The outcome of the bidding may be vital in other ways, too —particularly from the standpoint of AT&T, which is widely considered the dominant partner in the venture. AT&T, whose profits in the U.S. are under heavy pressure, appears increasingly impatient for commercial results overseas and is likely to view the BT tender as a crucial test of APT's performance.

APT's turnover in its first year was Fl 600m (£150.7m) and consisted largely of orders already won by Philips' former exchange and transmission equipment businesses, which formed most of the joint company's tangible assets. AT&T's principal contributions were access to the technology of its renowned Bell Laboratories and its newly-developed No. 5 ESS digital exchange, the flagship of APT's product line.

Stark aims to increase turnover to Fl 1bn this year and to Fl 3bn by 1990—modest goals by the standards of AT&T, which had total revenues of $33.19bn last year. "Our parents think we are being rather conservative," he says, but adds that his strategy will focus as much on high margins as on sheer volume of business.

He wants to broaden APT's product range to make it a "one-stop network supplier," able to meet all the needs of a telecommunications authority.

The strategy seems likely to involve bringing into the joint company other activities which still belong to Philips. Firm decisions have yet to be taken, but obvious candidates would include the Dutch group's mobile radio and optical fibre cable interests. Satellite and microwave radio communications are other possible areas for expansion.

Such diversification is aimed particularly at enhancing APT's appeal in Third World countries, where it is also counting on AT&T's reputation as a public network operator as a marketing asset. Fred Kuznik, marketing vice-president, says APT will "tender all over the world" in search of business.

However, he says, picking up orders in developing countries is secondary to APT's long-term priority of establishing Western Europe as the core of its business. With about 20 per cent of the world's public telecommunications market, he says, Europe is "strategically important."

But apart from the U.K., the near-term prospects for generating sizable business in Europe do not look very promising. The most likely targets are smaller countries: the Netherlands—virtually a Philips captive market, where APT is expected to become the leading supplier of digital exchanges—and Belgium, where half-a-dozen manufacturers are engaged in a cut-throat battle for orders.

APT is trying to sell operator service systems in France, but local sensitivities towards the "American challenge" in high technology create major political obstacles. "The French telecommunications authority wouldn't even bother to open the envelope if we sent them a proposal," says Rochus Blokland, head of APT's transmission division.

In West Germany, the powerful Post Office has long been averse to going beyond its traditional suppliers and has already chosen Siemens and Standard Elektrik Lorenz, part of ITT of the U.S., as its two main sources of digital exchanges. Before the formation of APT, Philips submitted a prototype digital exchange for trial in West Germany but withdrew it because of technical problems.

APT has also had no corporate presence of its own in Germany until very recently — and still lacks one in France. Though Philips has transferred its public telecommunications businesses in most other countries to APT, in France and Germany these remain with the Dutch group's local subsidiaries respectively TRT and Te Ka De.

The public telecommunications operations of Te Ka De are due to be transferred to a newly-formed APT subsidiary. But because Te Ka De has minority local shareholders the transfer must satisfy complex requirements of national company law. This is expected to take up to two years.

No change is planned in TRT's status in France, however. This is largely for political reasons, since Philips has been able to retain a share of the highly nationalistic French market partly because TRT was perceived as a local company, not part of a large international group.

There is a certain irony in the situation since, from the outset, AT&T viewed Philips' worldwide marketing network as one of the main attractions of the joint venture. Kuznik says, however, that Philips' local offices in more than 60 countries help in arranging business contacts and providing administrative support.

He and other APT executives insist that it is only a matter of time before economic and industrial pressures force European markets open. Many independent experts agree. But with AT&T clearly anxious for quick results, much may hang on how long the process takes.

Logic behind the link-up

"A RATHER natural fit" is how Gerrit Jeelof, a Philips management board member, described at the time his company's agreement to pool most of its public telecommunications businesses in a joint company with AT&T.

AT&T has had to look to world markets to spread development costs since the court-ordered divestiture of its 22 local U.S. telephone companies last year robbed its manufacturing business of a vast captive market. But the U.S. group lacked international experience, having sold off its foreign subsidiaries to ITT in 1925.

Philips, meanwhile, faced agonising decisions about the future of its telecommunications operations. To stay in the game, it had to invest as much as $1bn to complete development of its own family of exchanges using computerised digital technology, which was fast replacing traditional analogue equipment as the heart of modern telecommunications networks.

But with only 2 per cent of the world market, Philips calculated development costs would amount to almost two-thirds of its selling price. Moreover, as a latecomer in digital exchanges, it could not even be certain of hanging on to existing customers.

AT&T came to the rescue with its new No. 5 ESS exchange, for which much of the development had already been done. Philips undertook to adapt the exchange to international markets and also brought to the joint venture its transmission division, which has customers in 70 countries.

APT's territory includes Western Europe, Africa, most of the Middle East and parts of Asia and Latin America. AT&T has kept those regions which use U.S. communications standards, principally North America and much of the Pacific Basin, including Japan, which it views as a major growth market. Who will be responsible for China is still undecided.

Robotics

The threat and the promise

David Goodhart examines a union view

THE VIEW that industrial survival depends on the rapid introduction of robotics and Advanced Manufacturing Systems is no doubt a common place on the management seminar circuit.

Coming from a leading trade union official it is more interesting. Ken Cure, an executive member of the right-wing Amalgamated Union of Engineering Workers, was certainly unambiguous in a recent paper on AMS.

"The trade union movement recognises that in a fiercely competitive world there is little alternative to the UK responsibly implementing AMS systems as quickly as possible if the standard of living is to increase or even be maintained. Nations which cling to obsolete technologies must also be prepared to be poor."

Of course Cure is not an uncritical advocate of AMS but he is aware of the potential benefits as well as dangers on the shop floor and throughout society.

"Robots can free workers from unpleasant, stressful and hazardous jobs which many shopfloor workers still have to endure. It is in such areas that the majority of robots are currently to be found."

He accepts that means the phasing out of many semi-skilled and unskilled jobs but also points out that "while skills may be lost in some production areas, others will require increased skills. There are signs that traditional craft maintenance skills may prove in many cases to be inadequate to cope with the increasing complexity of AMS systems." AMS will also mean more responsibility for maintenance and production personnel.

Nevertheless, he continues, new stresses have already started to appear as a result of faster tempos and sometimes boredom imposed by automated systems. "As the use of AMS becomes widespread such factors can be expected to increase over the next two decades because of fears about job security, the need to adapt and so on. AMS systems are also potentially hazardous environments for maintenance engineers and will therefore require the most stringent safeguards."

AMS systems have the potential to operate 24 hours a day, seven days a week, 52 weeks a year. They don't go sick, go on strike, get tired or bored.

Cure quotes the Japanese Fanuc factory — which manufactures parts for robots — and is unmanned at night except for one man in the central computer control room who monitors the whole process and is said to be doing the job of 200 workers. The factory has a workforce of about 60 who do what 1,000 people would do in a conventional factory.

Up to the present, says Cure, the impact of robots has — by international trade union consensus — been relatively slight. It is estimated, however, that as robots become cheaper and more sophisticated much more serious problems could be encountered in terms of employment, skills, job content and the erosion of union solidarity.

More fundamental social problems may also be encountered in relation to the work ethic which could result in "a sense of aimlessness and alienation never before experienced on such a scale."

So it is a double-edged sword but one which trade unions have no other realistic option but to support — "otherwise British industry will not be able to compete in home and foreign markets with the resulting massive job losses for union members."

Cure concludes that while the introduction of AMS is inevitable it is up to unions and Government to ensure that its method of implementation has the widest possible benefits and prevents the feared social dislocation.

He also provides a checklist of union policies towards AMS: employers must retrain to avoid redundancy; maximum advance notice of the introduction of new technology; a union / management committee to deal with technological change and full information to be given to the workforce; no new technology without agreement; reduced working time.

TECHNOLOGY

EDITED BY ALAN CANE

RESEARCHERS AT CHARING CROSS HOSPITAL DEVELOP CAPILLARY MONITOR

Laser tracks blood beneath the skin

BY PETER MARSH

RESEARCHERS at a London hospital are examining new ways to monitor the flow of blood in tiny capillary vessels a tenth of a millimetre under the skin.

The research could produce techniques to deal with a host of medical ailments from heart disease to diabetes. It could also lead to commercial hardware of use to the pharmaceutical industry in testing the effects of drugs on the blood stream.

Similar equipment could be employed by companies that make cosmetics or liquid detergents which, by monitoring blood flow near to the skin's surface, can assess whether their products cause irritation.

The clinical microvascular laboratory at Charing Cross Hospital has set itself a daunting task: to investigate blood flow in the complex forest of capillary vessels that carry blood from the arteries to the skin's surface.

The human body contains some 100m of these capillaries which are about 7 micrometres (millionths of a meter) in diameter. The vessels serve a crucial function in carrying blood to the extremities of the body.

The channels transfer blood at no more than a few millimetres a second. By the time the liquid has reached these final outposts of the vascular system, its velocity has slowed considerably from the rate at which it surges along the central artery (the aorta) that carries blood from the heart. In this vessel, which is about 2 cm in diameter, blood speed can be up to 40 cm a second.

Researchers face several stumbling blocks in following what happens in the narrow capillaries. The layout of these channels is extremely complex and virtually impossible to map.

"We know so little about the capillary system," says Dr John Tooke, head of the Charing Cross laboratory. "It's because the technology to investigate this part of the body does not exist."

With Dr Gerry Rayman, a colleague at the laboratory, Dr Tooke is attempting to create a battery of hardware that will permit more detailed examination of the capillaries.

The hardware is based on three techniques:

● A laser that beams light onto the surface of the body. The £6,200 system, sold by a Swedish company called Perimed, reflects off blood cells travelling through the vessels in the skin. Measuring the phase change of the reflected radiation gives a measure of the cell's velocity. The method is similar to the Doppler techniques by which engineers in industry measure the flow of liquids through pipework by beaming in rays of ultrasound.

● Equipment based on a microscope and TV camera that the Charing Cross team has developed. The microscope is focused on the flow of blood cells in skin that is illuminated by a bright light such as mercury vapour lamp. The progress of cells (seen as black dots on a screen) is recorded electronically. By freezing the frames of continuous TV images researchers can arrive at a figure for rate of flow.

This is a more sensitive technique than that based on the Swedish system. It looks no further than 0.1 mm below the surface, while the laser hardware records flow of blood along vessels 1 mm under the top of the skin. Dr Tooke is trying to interest equipment manufacturers in developing commercial versions of the system —which he thinks could sell for about £5,000.

● A set of tiny pipettes with which workers can measure the blood pressure of the capillaries. Conventional blood pressure measurements—in the arm or leg for instance—fail to give a picture of events in the capillaries. To keep a check on many important aspects related to blood flow, researchers need to find out about changes in conditions in these tiny vessels —where pressures are far lower. The Charing Cross doctors insert into the capillary a fine-bore tube that protrudes from the pipette, which is filled with dye. The rise or fall of this dye gives an indication of the pressure exerted by the blood.

Evidence that blood-flow measurement techniques are useful not just for hospital researchers comes from Gambro, another Swedish medical-hardware company that distributes the Perimed hardware in the UK. Gambro has sold about 20 of the laser systems. Drug and liquid-detergent companies have been among the customers. They use the hardware to test whether their products irritate the skin—a phenomenon accompanied by faster blood flow.

Fully engineered versions of the hardware under development in the Charing Cross laboratories could be used in a number of ways in hospitals and in the pharmaceutical industry.

A central role of the capillaries is to provide the skin with the nutrients carried in the blood stream. These keep the skin healthy and combat the effects of infections.

The capillaries and related small blood vessels also influence the part played by the vascular system in radiating heat away from the internal parts of the human frame. In this, the blood coursing through the skin acts in the same way as water flowing through a radiator.

When the body is hot, the flow of blood to the extremeties speeds up to dissipate more energy to the surrounding air.

If the capillaries malfunction for any reason, the ability of the body to withstand infections and repair damaged skin may be reduced. This can result in serious ailments such as gangrene. Problems with these tiny vessels will also affect the way the human frame disposes of surplus energy.

Pharmaceutical companies use blood monitoring hardware to test drugs whose effects may be linked to disturbances in blood-transfer mechanisms. These companies have given to the Charing Cross workers research contracts for such trials and also do similar work in their own laboratories.

In other applications, flow of blood through the capillaries can be linked to the effects of diseases such as diabetes. The Charing Cross researchers have shown that the capillaries of diabetics have a reduced capacity to carry blood — although the workers have yet to show why this is.

In non-diabetics, an injury to the skin causes the passage of blood to speed up in an automatic response to heal the skin. In diabetics, this reaction is greatly reduced — which explains why such people (of whom Britain contains about 750,000) are prone to infection and poor skin healing.

Dr Gerry Rayman (left) and Dr John Tooke at Charing Cross Hospital with their blood analyser

CAMBRIDGE COMPANY'S SUCCESS IN FIBRE OPTICS

Optronics' flash of inspiration

BY PETA LEVI

OPTRONICS, the first company to begin life on the Cambridge Science Park in 1978, did so because its founder and managing director, Nick Bradley, foresaw opportunities for a fibre optics company in a rapidly expanding UK market.

Since then, Optronics has developed a reputation for innovation, service and quality. Its latest products include a photon gun for training people to shoot accurately, safely and economically.

Developed for Laser Sporting Products, the electronically controlled gun uses a photosensitive system instead of cartridges or clays. The gun releases a flash of light when it is correctly aimed on to a target fitted with a reflective material. This reflective material can be fitted to a special coat worn by homing pigeons for moving target practice.

However, Optronics has pinned more hope on its image digitizer which can turn the pages of rare books into computer digits. Its system does not use ultraviolet light (as do conventional photocopiers) which can damage old manuscripts.

The British Library, for example, has six such digitisers. Each digitiser contains a high resolution camera which scans the page. The image is processed into 4m bits of information per page. The digitised information is then passed to a high resolution printer-plotter which produces a copy in actual size.

> The Optronics system does not use ultra violet light as do conventional photocopiers

All this is carried out at high speed. It takes only six seconds to scan a complete page and the printing is dependent on the type of printer. Mr Bradley says that the system has many applications such as military, insurance, printing, banking and publishing.

The company can even connect several digitisers via an optical fibre network. Optical fibres was the Optronics original specialisation as Mr Bradley has worked with Corning, the U.S. glass technology company.

Initially, Optronics was a distributor of optic fibre products but within six months had started to build systems for British companies such as an optically encoded pressure gauge for British Gas and a fibre optic laser razor for a medical company.

Bradley decided not to try to compete with large companies such as STC and Plessey but instead to search out specialist niches. Optronics expects a turnover of £1.8m this year and hopes that its new products will fuel rapid growth in the coming years.

Apart from information technology, Optronics' main areas are data communications—where optic fibres provide safe links on the factory floor—and process control where fibre optics gathers information from sensors. The company has a range of opto mechanical transducers (sensors) which can measure pressure, temperature flow and displacement, for example.

TAKING ANOTHER LOOK AT AGRICULTURAL TOOLS

Tractors for the Third World

BY MARK NEWHAM

THE TRADITIONAL concept of farming tools being towed by large tractors across crop-growing fields has been neatly stood on its head by a British research group. It is seeking more appropriate farming methods for small farms in the developing world.

The research group from the National College of Agricultural Engineering has produced a machine that can be used conventionally for light ploughing and also be turned into a static winching system to drag farm tools towards it. The Spider, as the NCAE team calls it, is driven to one side of the field and is anchored to the ground. A winch on the rear of Spider then winches in a 50 metre-long cable attached to a plough.

By turning the tractor concept back-to-front, the NCAE team claims that the machine is twice as fuel-efficient as conventional tractors and can pull three times its own weight. A normal tractor can only haul 79 per cent of its weight. In addition, the system is far better suited to small developing world farms since a greater area of land can be ploughed.

Spider consists of a 4.8 kW diesel engine mounted on a box steel frame with its belt and chain drive mechanism connected to the four drive wheels or to the winch through the gearbox. The complete system has purposely been kept as simple as possible so that local mechanic can maintain it without needing specialist training.

At tests recently carried out at Arusha in Tanzania, a prototype system was fitted with a mouldboard plough (rather than with the more modern and efficient chisel plough since only the mouldboard plough was locally available). The system averaged a workrate of 30.2 hours per hectare—a figure which compares well with the conventional small tractor. But with its improved fuel efficiency and pulling power, Spider has a clear edge over the conventional concept.

NCAE expects Spider to cost about £3,000 when in full production but a commercially-available model will be available only after more comprehensive tests. The NCAE research group is currently seeking funding from the UN's Food and Agriculture Organisation to carry out a two year test on two machines in Thailand.

While FAO considers the funding request, the NCAE team is working on a larger version of Spider suited to larger farms in the developing world. The enlarged version will have a 9.2 kW diesel engine and a longer cable. The team expects the machine's pulling power to be increased by 70 per cent and the ploughing speed, in winch mode, by about 20 per cent.

Instruments

Logic analyser launched

THURLBY ELECTRONICS, a UK-based company, has launched what it claims is the first low cost, high performance logic analyser.

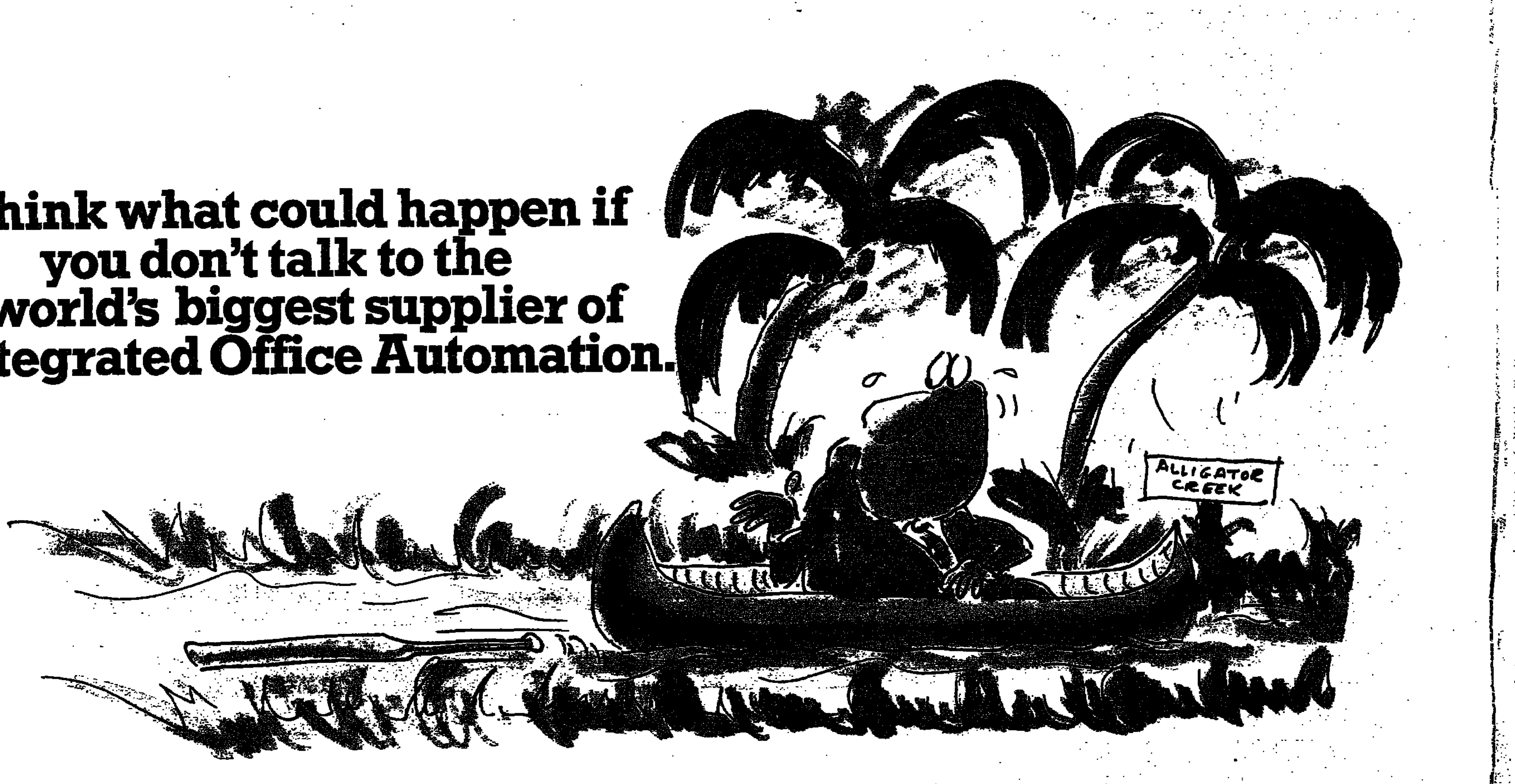
The basic price of its LA-160 analyser is £395 but it features 16 data channels and a 2,000 word memory. The display shows data in any of five formats: binary, octal, decimal, hex or mixed.

It is microprocessor controlled via a keyboard, and all the set-up information is stored in permanent memory.

A non-volatile reference memory is also included, and this can be used to store reference data for comparative purposes.

Thurlby reckons the price of the new analyser is low enough for each engineer to have his or her own. It expects a large demand from service departments and educational establishments.

More on 0480 63570.



RESOURCES REVIEW

An unhappy mine lesson for New Guinea's villagers

By Michael Thompson-Noel in Sydney

Q: How do you get to Ok Tedi?
A: You have to practise.

To say that Mt Fubilan, the site of Ok Tedi, is located in one of the world's harshest, most inaccessible regions is to experiment with understatement, for the area around the mine—close to the Indonesia-Papua New Guinea border—contains some of the densest mountain jungle in the world.

The people of the area are the Min, who include the Wopwaimin, owners of most of the land around Ok Tedi. Until 20 years ago, the Wopkaimin could see smoke rising in the forest three days walk away (30 miles) and know that no one they knew had visited that place, or any place beyond it, or knew anything about the people lighting those fires.

Beyond the Wopkaimin's domain stretched an unknowable nothingness, a non-world occupied by nothing people, the Win, who traded salt and stone axes for marsupial furs and bird-of-paradise plumes, but whose activities were no concern of the Min. In Min legend, the men of the Win had two faces, enormous ears, and an insatiable appetite for the flesh of young boys.

These days, virtually all of the Min have heard of Ok Tedi, if not of the fracas engulfing the mine.

In language that could be understood in the villages, Mr Michael Somare, the Papua New Guinea Prime Minister, used a broadcast last Sunday to explain why the Government was threatening to shut it.

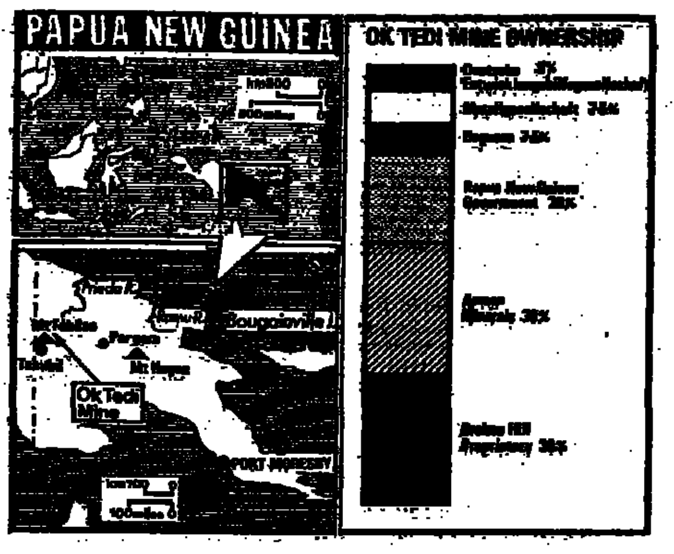
Ok Tedi, said Mr Somare, had promised to bring considerable development for the local people—jobs, roads, a new town and port. "In addition, the Government expected to receive considerable tax revenues. Unfortunately, everything has not gone smoothly. The initial development took much longer than was expected, a number of other problems occurred and now the company (Ok Tedi Mining) has failed to live up to the conditions of the contract."

In Mr Somare's view, Ok Tedi Mining has behaved "like a boy who has been given a plate of fish and rice." It wants to eat the fish but leave the rice.

According to figures provided by Mr Somare in Sydney this week, the cost of Stage One to date has been Kina 840m ($960m). Other Stage One costs remaining total Kina 214m.

The estimated cost of Stages Two and Three is Kina 700m, while the mining company's outstanding debt is $745m, of which about $60m is guaranteed by Papua New Guinea.

Each month the mine is closed, says Mr Somare, means a loss of export revenues of about Kina 17m at present.



However, to gauge the full impact of the mine's possible closure it is necessary to look no further than the current Papua New Guinea National Expenditure Plan (1985-88), which as recently as two months ago was painting an exuberant picture of Ok Tedi's expected benefits for this land of 3.2m people.

In his budget speech last November, Mr Philip Bouraga, the Minister for Finance, said that the country's expected growth would be "determined in great part by the figures for Ok Tedi."

Growth last year was 4.6 per cent. In 1985 it was expected to be over 6 per cent in real terms.

Although the full impact of Ok Tedi's closure cannot be computed, it is clear that it would seriously hamper Papua New Guinea's frail economy, which apart from minerals and Australian aid, is based on farming, including coffee, cocoa, copra, palm oil, tea, rubber, fisheries and forestry. (More exotic crops include crocodiles, cardamom and chillies.)

In 1983, mining exports totalled K373m, non-mining exports K314m, and the balance of trade deficit on the current account K124m.

Over the past decade, the Bougainville Copper (BC) orebody at Panguno has sometimes contributed up to 25 per cent of government internal revenue. While BC ore grades have continued to decline, milling capacity has been raised.

However, BC's profits will have fallen sharply in 1984—it has reported lower grades and output—so that much hope was being pinned on Ok Tedi.

At the start of Stage Two (pencilled in for late 1986) it was envisaged that Ok Tedi would have been producing about five tonnes of gold and 65,000 tonnes of copper annually.

"Unhappily," says the three-year plan, "the importance of these two large projects (BC and Ok Tedi) may have led to the relative neglect of the small-scale, intermediate and exploration sub-sectors. As a result, some potential benefits may have been deferred or lost."

At present, small-scale alluvial gold mining employs about 4,000 (against 5,200 for B. C. Andoktedi) and generates revenues of about K5m. There is potential for significant expansion.

Further, there has been fairly brisk exploration work for minerals and petroleum, though the only major mineral discovery since the 1960s is the gold deposit on Lihir Island, found by Kennecott and Niugini Mining in 1983.

As for oil, a relatively high level of drilling is forecast for the next two years but the outlook is not bright. Papua New Guinea is seen as gas prone and geologically risky.

In his address to his countrymen on Sunday, Mr Somare said: "Very little gold has been mined (at Ok Tedi)—less than 1 per cent of the gold in the mountain has been mined and none of the copper. The people Papua New Guinea still have a world-class resource which can ben mined efficiently and properly. The Government will ensure that both the copper and the gold are mined over the longer term for the benefit of our people. Good night."

How this was received by the Wopkaimin is not yet clear but they still believe in scorcery—something that foreign shareholders should, perhaps, bear in mind.

WHY PROFITABLE OK TEDI IS THREATENED WITH CLOSURE

IT IS not unusual, in these unhappy times for the world's mining industry, for a mine to be forced to close as economic realities transform what was once a paying proposition into a lossmaker. But some explanation is required when a Government decides to order the closure of a mine which is operating at a profit, writes George Milling-Stanley.

Talks are still going on to avert the closure of Ok Tedi, but PNG Government opinion puts the chances of success at no better than 50-50.

The Government, with a 20 per cent interest in the project, has given its commercial partners until this Friday to come up with a plan for the ordered shut-down of the mine. Gold, the only metal which is being extracted as yet, may be mined until Sunday, and the ore processed until the end of this month, but thereafter all operations will cease unless progress is made in current negotiations over the next stage of development.

How did the partners reach the present impasse? And what are the lessons of the recent developments at Ok Tedi for other mining groups?

The outlook for Ok Tedi was distinctly promising when the economic feasibility study was drawn up in the late 1970s. Mount Fubilan was known to contain some 400m tonnes of copper, well worth developing even though this involved finding a way of overcoming the problems inherent in the deposit's remote location and total lack of infrastructure. Ok Tedi is similar in size to the Roxby Downs (Olympic Dam) copper prospect in South Australia.

What made the partners even more enthusiastic was a cap of gold-rich ore on top of the mountain. This meant that Ok Tedi would be a gold mine for its first two or three years, with the revenue from gold being used to finance its second stage in which it would be a copper mine with significant by-product gold production for several years, and finally a large-scale copper producer well into the next century.

Although construction of the first phase was dogged by misfortunes which meant that the total cost at U.S.$1.1bn was well over budget, Ok Tedi was opened as a gold mine more or less on schedule in May last year.

Thereafter a number of problems arose. Because of a landslide, the original proposals for dealing with the mine's tailings (waste products) had to be completely revised. Ok Tedi has been operating since then with a temporary tailings permit from the Government.

Since the permit was temporary, it could be revoked—a step which the Government took at the weekend.

However, it was clear to the partners when the mine opened, that the copper price assumptions used in the feasibility study had erred on the side of optimism. The plans had been laid in the expectation of a copper price averaging something like U.S.90c a pound, in 1978 values. Today's price is just over 60 cents.

The partners sought delays in bringing the second phase of combined copper and gold production on stream. The PNG authorities allowed them more time to revise the timetable for later stages of the mine's development.

Various deadlines for bringing forward acceptable proposals were set by the Government, and invariably missed by the commercial partners. The latter held out for a two-year delay on Stage Two, which the authorities would have accepted with assurances that the copper mining stage would definitely go ahead after that time. But they could not agree that a final decision on stage two would only be made after this delay.

Apart from the temporary nature of the tailings arrangements, which will have to be replaced if Stage Two goes ahead, the mine is also dependent on a temporary power system using oil. The Government contends that the only long-term solution to the power problem lies with hydroelectricity, given the costs and other difficulties of transporting oil to such a remote site.

The reluctance of the commercial partners to proceed wth permanent installations to deal with these two problems has done much to arouse Government doubts about their long-term commitment. That is why the authorities are insisting on at least half of the construction contracts for both the tailings system and the hydroelectric scheme being let before any further delays are approved.

The Government is afraid that its commercial partners may back out of Ok Tedi once the bulk of the gold has been extracted, leaving what is now a considerably less attractive copper mining proposition behind them. These fears have been intensified by the acknowledged wish of Standard Oil of Indiana, the parent company of Amoco Minerals, to withdraw from the mining business.

That is what has led to the present unhappy state of affairs, and Amoco's position is seen as central. Opinion within the Government is that a compromise would already have been reached if the negotiations involved only BHP and the West German interests.

As far as the wider implications for mining investment are concerned, the PNG Government stresses that its current difficulties involve only one mining project, and only one group of joint venture partners. The authorities hope that other promising mining prospects in the country will not be jeopardised. They are still determined that the OK Tedi deposit will be exploited, if not by the present partners, then by others.

APPOINTMENTS

Ship production director at Harland and Wolff

HARLAND AND WOLFF has appointed Mr William Gallagher as ship production director. He was shipbuilding director at Govan Shipbuilders, Glasgow. The appointment has permitted the company to transfer Mr Eric Hellstrom to be the new director of management services. He will have special responsibility for planning, building methods, production engineering and operational facilities in support of the more sophisticated ships now on the order book.

★

Mr J. Gunn, chief executive of Exco International, and Mr R. N. Quartano, chief executive of PosTel Investment Management, have joined the CITY CAPITAL MARKETS COMMITTEE. Mr H. R. Jenkins has retired from the committee.

★

Mr Stephen Mandy has been appointed managing director of VIDEOFORM, video rental and distribution company in the Heron Group. He was managing director of CBS/Fox Video.

★

POZZOLANIC LYTAG, Hemel Hempstead (a Boral Group company) has appointed Mr Chris Stringer as international director in charge of the company's overseas licensing programme. He was marketing director of the British Rema Manufacturing Company.

★

PIONEER CONCRETE SERVICES has appointed Mr Bernard Manning as European financial controller in London with responsibility for operations in the UK, Spain, Italy, West Germany and Israel. Previously he was international financial controller for Boskalis Westminster Baggeren.

★

SMALL GIANT MEDIA has appointed Mr Robin C. P. Whetherly managing director. He has acquired a one-third interest in the equity of the company.

★

Mr Julian Wernick, works director at the Brownhills branch of S. WERNICK AND SONS is now in charge of the company's hiring operations in the Midlands, at Horwich in Lancashire and at Wickford in Essex. Directors at the Wickford end of operations, Mr Ray Hunt, Mr Brian Humphreys and Mr David Wernick take charge of particular group activities. Mr Hunt becomes group sales director, Mr Humphreys group production director and Mr Wernick group contracts director.

★

Mr Alan Houghton has become group financial director at Altrincham and joins FERRYMASTERS' main board. He joined the company in 1972 and moves from group financial controller, with increased responsibilities.

★

Mr Michael J. O'Leary, a main board director at FAIRMOUNT TRUST, has been appointed group marketing director. Mr Richard I. Shuker, previously company secretary of the Friends' Provident Life Office, has been appointed legal and technical director, and Mr Peter J. Froggatt has been appointed director and actuary of Fairmount Trust.

★

WESTMINSTER AND COUNTRY PROPERTIES, Basingstoke, has appointed Mr Malcolm P. Thorpe, a director of Westminster and Country Industrial Estates has been appointed managing director of that company. Mr Michael J. Rickards, formerly of Rosehaugh Retail Properties, becomes a director of Westminster and Country Properties (Mayfair). Mr James S. Sutherland, formely of Schroder Properties, becomes a director of Westminster and Country Properties (King Street).

★

COUNTY BANK has appointed Mr Colin W. Richmond-Watson as an assistant director in its finance division. He was with Barclays Bank.

★

MANN EGERTON AND CO has appointed Mr Brian P. Back to the board. He was company secretary and will continue as director and secretary.

★

B.A.T. INDUSTRIES has appointed Mr M. A. Weinberg and Mr M. S. Lipworth as directors, Mr Weinberg is chairman and Mr Lipworth deputy chairman of Hambro Life Assurance.

★

Mr Geoffrey Shopland has been appointed managing director of GROUP 4 TOTAL SECURITY. He will continue as managing director of Securitas Technology and of Plantime. Mr Philip Sorensen remains chairman of Group 4 Total Security and Mr Ronnie Ramsbottom is appointed vice chairman. Mr Peter Green becomes deputy managing director.

★

Mr F. R. D. Holland has resigned as deputy chairman and from the board of THE BRITISH AVIATION INSURANCE COMPANY. Mr R. I. Slean has been elected deputy chairman. He is an executive director of the Commercial Union Assurance Company. Mr D. J. Barham has been appointed a director following the retirement of Mr Holland. Mr Barham is a deputy chairman of C. E. Heath.

★

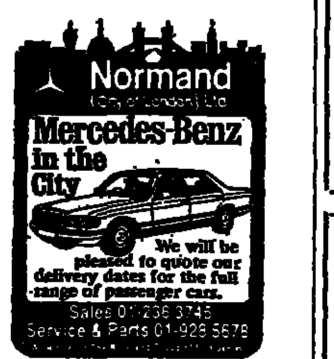
Mr Michael Waterland has been appointed managing director of PETTER REFRIGERATION, a Hawker Siddeley company.

★

SCANDINAVIAN BANK GROUP has appointed Mr Michael John Salmon as manager—trade finance. He was with Samuel Montagu and Co.

★

CAUSEWAY CAPITAL has appointed Mr Ian Cameron a director.



LETTERS TO THE EDITOR

Withdrawing pension scheme tax concessions

From Mr G. Cartwright

Sir, — Much heat has been generated recently by the pensions industry about the Chancellor's review of the tax privileges of pension funds and a strong case has indeed been made as to the inequity of taxing their investment income or disallowing relief on contributions. The case against taxing lump sum payments is not so clear, but its revenue-raising capability in the short term is generally regarded as too small to justify the aggro which would accompany such a change.

What has surprised me, however, is that there has been little or no reference to another fiscal privilege of pension funds which I would have thought should be a prime target for the Chancellor's attention — their immunity from tax on capital gains. A modest privileged rate for such institutions of, say, 20 per cent levied on capital gains made each year in excess of a sum of, say, 5 per cent of capital value at the beginning of the year would bring in a substantial contribution to the Exchequer—particularly this year if the starting point was, say April 1, 1984. To be effective, such a tax should be levied on gains assessed on the increase in market values shown by pension fund accounts for each accounting period and not when such sums are realised.

This proposal seems to me to have quite a few points in its favour. It cannot be attacked on the grounds that it destroys the basis for funding pension schemes, as it only taxes what are essentially profits earned in excess of income projections used by actuaries. It will change the balance of expectation in the fund manager's mind in favour of income-producing stocks against capital growth—thus improving the relative attractiveness of the fixed-interest market and reducing the cost of government funding. It will also at the present time substantially reduce the attraction of overseas investments with commensurate benefit to the vaule of sterling. The ability to vary the rate of tax gives the Chancellor a means of influencing the behaviour of the investment managers of an industry which controls such a large part of the nation's resources. Because the tax is levied on an accrual basis, it avoids the problem of CGT, which tends to lock-in investments. It should appeal to the Chancellor's penchant for fiscal equality as it helps to offset the advantages given to capital gains over investment income earned by taxpaying investors.

It is appreciated that there will be a need for special rules to deal with non-quoted investments, but these represent only a small part of the value of investments of pension funds.

There is also some merit in considering the application of such a tax to the investments of all non-tax-paying institutions—eg, charities, some of which have substantial unutilised resources invested in stock markets at home and abroad.

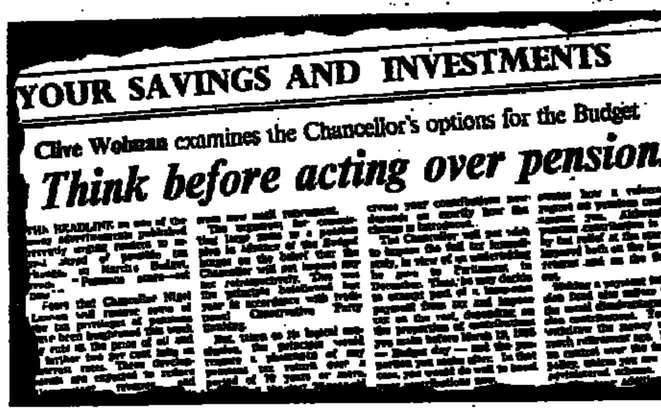
Gordon Cartwright.
70, Longdown Lane North,
Epsom, Surrey.

From the Chief Executive,
Company Pensions
Information Centre

Sir,—Mr Nottage (January 29) argues that withdrawing pension scheme tax concessions would help to reduce the levels of taxation. He might have added that it would also help to raise the levels of national insurance contributions.

The progressive maturity of earnings related pensions, high unemployment and adverse demographic considerations are likely to create problems for our unfunded social security system in the years to come. Periods of unemployment and sickness are difficult to predict and so it is hard for people to make adequate preparation for them. Most people, however, have plenty of warning of their retirement. That is why it is prudent for the Government to encourage those in employment and self-employment to make adequate (but not excessive) provision for their own retirement by setting aside savings for this purpose.

Without fiscal incentives to commit money to a pension scheme many people will be unwilling to put their savings where they cannot get at them.


YOUR SAVINGS AND INVESTMENTS
Clive Wolman examines the Chancellor's options for the Budget
Think before acting over pensions

At at time when the Secretary of State for Social Services is taking a number of initiatives to encourage better provision for retirement any action by the Chancellor to discourage properly funded schemes is in danger of hindering those initiatives and adding to the already considerable burdens which will fall on the next generation.

Furthermore the redistributive effects of pension tax reliefs are not quite as simple as Mr Nottage suggests. While narrowing the tax base makes tax rates higher those rates fall on those who are in pension schemes as well as those who are not. Indeed to the extent that people in pension schemes tend to be better paid they are likely to bear a greater share of the total tax burden.

Anyone not in pensionable employment who feels that his treatment is "brutally inequitable" is quite free under existing legislation to take out a personal pension plan which qualify for tax reliefs very similar to those applying to company pension schemes.

On Mr Nottage's final point it is true that a man now retiring can receive a company pension of two-thirds of his total earnings in his final year, but anyone who has read your letters column in recent years will be only too aware that there are many different reasons why most pensions are well below this level.

It is wrong to suggest that someone retiring now without a company pension will receive only the basic state pension. That ignores both earnings related state pensions and supplementary benefits.

Mike Brown.
7, Old Park Lane, W1.

Road, rail and other links across the Channel

From Mr A. Gueterbock

Sir,—Mr Jonathan Sloggett in his letter (January 29th "An inflexible monopoly" said that none of the creators of fixed cross-Channel link schemes had ever suggested that their projects will make the Channel crossing any better!

It doesn't require much imagination to conclude that any alternative form of crossing would be an improvement; but it would be unfair to expect Mr Sloggett to recognise this as understandably the Dover Harbour Board and the sea-ferry operators will naturally resist any potential competition to their monopoly hold over the movement of passengers and freight across the short sea routes.

He went on to say that none of the promoters of the alternative schemes had claimed that the crossing of the Channel will be cheaper and that any time saving benefits would be minimal.

It is widely recognised, but obviously not by Mr Sloggett, that mile for mile Dover Straits is the most expensive sea crossing in the world and, as for time saving being minimal, the journey time by sea ferry would be some one and a half hours as compared to thirty minutes via the Channel tunnel.

The tunnel is the only all weather, 365 days a year, cross-Channel transport operation for road traffic and conventional rail passenger and freight traffic and the only scheme capable of compatability with the sea ferries. The tunnel will offer the user a fast, safe and competitive alternative cross-Channel service.

In response to Mr Sloggett's very proper concern in respect of employment benefits, but contrary to his beliefs, the tunnel is the only scheme which not only creates jobs in the short term construction period but, with the terminal operation in Kent, will provide significant permanent job opportunities in the long term.

A. F. Gueterbock,
Channel Tunnel Group.
28 Hammersmith Grove, W6.

From Mr W. Nutt

Sir,—Your cross-Channel link feature (January 23) fails to identify the main opportunity: the justification provided by a Channel link to design a crossing with high technology materials having world-wide bridge applications.

The projected traffic density of a cross-Channel link justifies the use of radical design solutions to problems which afflict large numbers of bridge prospects in many parts of the world. The technical criteria in the Channel are commonly applicable to many other crossings; no impediment to sea navigation; impracticality of conventional maintenance procedures; economic penalties of side-winds constricting crossings; and risks inherent in the disruption of Ro-Ro operations.

From these and many other considerations, a bridge in the form of a suspended tube seems the only prospect for a commercially attractive investment designed to optimise the cash-flow opportunities available.

Certainly this was the view expressed in the House of Lords debate on a fixed link on January 16. This resolved to accepting the limitations imposed by the conventional technology of a tunnel or grasping the enormous opportunities which stem from exploiting new but well established technologies inherent in the design of a protected road bridge. Lord Leyton described the Euro Bridge Studies proposal as having 5 km suspension spans with mid-Channel hotels, shops, etc, in the support columns and view windows along the length of the eight-track roadway. He said a consortium of banks was prepared to underwrite the investment, including that involved in providing a tunnel for BR/SNFC traffic, which readily showed a pay-back within 10 years.

With the size of the world bridge market, once a commitment to an imaginative project utilising high technology lightweight construction materials was announced, it would not surprise me if the enterprise was listed as amongst the top 20 in the world before the turn of the century, and it could be British.

As the Prime Minister has said, the cross-Channel link is a classic opportunity for Europe to demonstrate its commitment to state of the art technology (competitive wih space exploration) as our heritage to future Europeans. With the politicians of UK and France in accord after such a long history of false starts, who is there would deny our generation its chance to bequeath our statement of faith in personal communication, surely not investors?

W. Owen Nutt,
44, The Green,
Warlingham, Surrey.

From the Chief Executive,
Euro Route

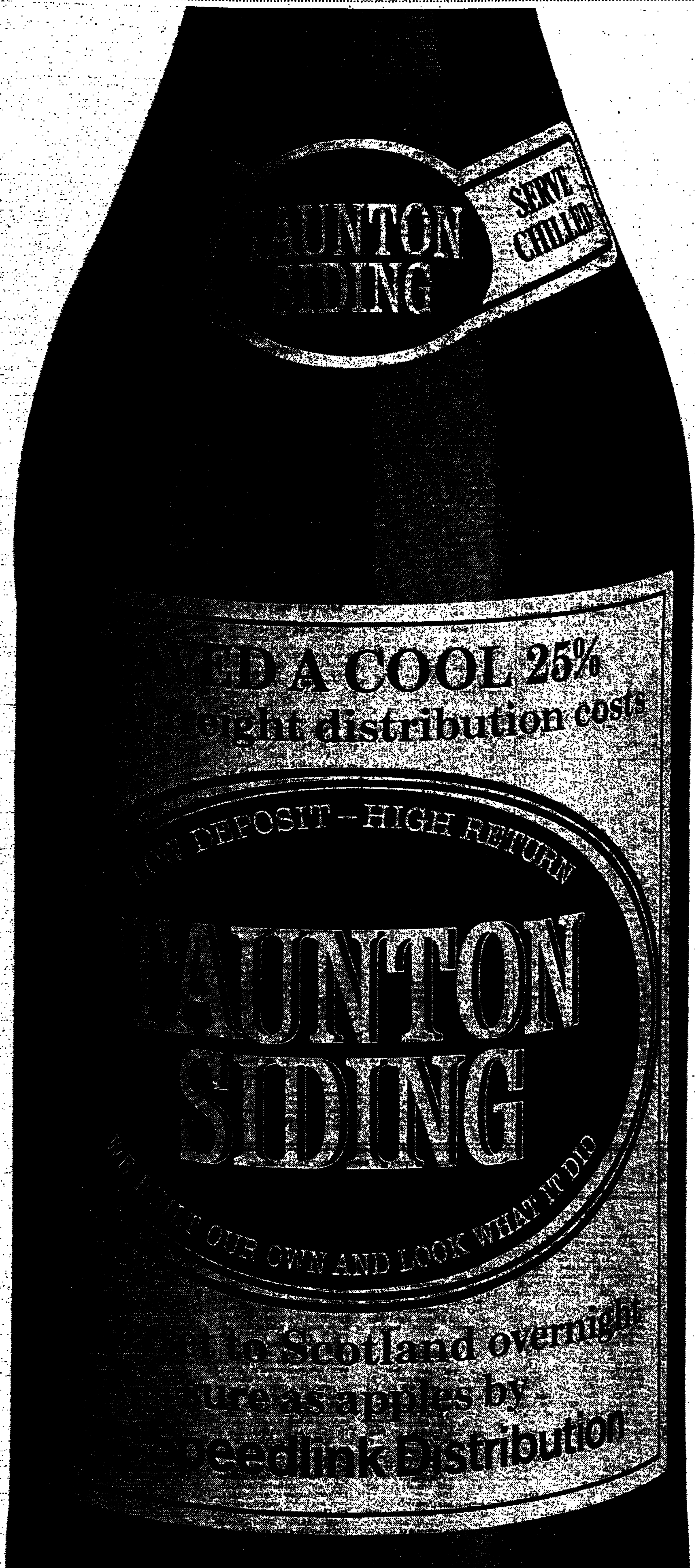
Sir,—I suggest that Mr Bonwit (January 29) is wrong in saying that the Government's intention in leaving the initiatives on the Channel fixed link to the private sector is designed to defeat "French determination to see a rail tunnel built." In my many discussions with diverse interests in France, I have found the enthusiasm for a link combined with a realisation that it can only be justified if it meets the needs of the market. Of the 20m people and the 18m tonnes of unitised freight crossing to the Continent, over 80 per cent are with cars, coaches or lorries. This is the market which requires a drive across scheme. Rail has an important part to play but its interest must be kept in perspective. The EuroRoute bridge and tunnel scheme provides for both forms of transport. The rate of return will justify the confidence of private funding.

In describing the Japanese policy in preferring a "rail tunnel" for the Honshu Hokkaido crossing, similar in length to the Channel link, he is not right to assume that the same decision would be taken again. Traffic patterns have changed in Japan, too. Honshu is also seven years late and three times over budget.

The managing director of the Dover Harbour Board writing on the same day is understandably concerned to safeguard the interests of the ferry operators. But the decision on the fixed link requires a more broadly based view of the benefit to the nation. Freight and passengers crossing the Channel have mushroomed in the past 20 years and this trade is forecast to double again by the end of the century. At peak times, 250 ferries a day cross the mainstream of Channel traffic. A bridge/tunnel would reduce this number but would not "obliterate" it. Sixty per cent of freight between Britain and Europe and 16m passengers would still use ferries. Furthermore, any reduction in direct employment on the ferries would be compensated by the growth in industrial and related employment to the crossing.

But the key issue is that Europe takes over 50 per cent of Britain's exports. A fixed link with its low operating cost would provide exporters and travellers with decreasing rail costs of transport through the next century. The challenge is to find a civil engineering solution which can keep to budget in construction and yield a return acceptable to the private investor through revenue.

Ken Groves.
3rd Floor, NLA Tower,
12, Addiscombe Road,
Croydon.



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THE ARTS

Television/Arthur Sandles

How dreams are made—at a cost

When Alasdair Milne, the director-general of the BBC featured in his own phone-in recently, there was a brief exchange with a caller about holiday programmes and, particularly, the *Holiday* programme (BBC-1, 5.55, Sunday). The general drift of the questioner's argument was that times are bad and the corporation is not helping by sending its staff whizzing around the world at great expense to encourage viewers to dream of trips they cannot afford.

Back came the response: Such programmes, the caller was told, are both popular and cheap to make.

That they are popular is undeniable. Last week's *Wish You Were Here* (ITV, 7.00, Wednesday), the Thames rival to *Holiday*, lured more than 16m viewers to take their seats for a half-hour of dream-making. How they can be cheap was not explained.

In many ways, it is fortunate for Mr Milne that he was not challenged on this point, for his answer would have dragged him into the esoteric business of travel journalism morality.

As travel editor of the Financial Times, I know of no broadcasting organisation in the UK, nor daily newspaper (or that matter (this one included), that pays in full for all its travel research. The whole lot rely heavily on what are known as "facilities"; and what are referred to by jealous industrial and political specialists, whose occasional ventures to Brighton or Blackpool are touristic high points, as "freebies."

In theory, reliance on free, or cut-price, transport and accommodation is indefensible. In practice, the cost of sending staff to, say, Hawaii in order to produce a comprehensive and detached analysis of the place for a 10-minute holiday programme item, or a 1,000-word travel article, would be prohibitive. Either the material used would each week confine itself to Butlins and day trips from central London, or there would be no such coverage at all.

Presenters of the television travel shows have vastly greater influence than any writer. A word from John Carter or Judith Chalmers is enough to send bookings soaring or plummeting. The persuasive Mr Carter is something of a *bete noir* in the travel industry, which naively blames much of its late-booking problems on him. Ms Chalmers, on the other hand, is universally beloved; quite rightly, too, but a fact that would worry me if I were Ms Chalmers.

Denis Healey in Portugal

The differences are due largely to the nature of the different channels on which the two appear. The BBC, oddly enough, is better placed under its charter to praise or lambast manufacturers, or tour companies, than an ITV franchise-holder.

Let us, then, look at how the system works.

In broad terms, the programmes get their ideas from three sources. They emerge from programme meetings (in other words, the team thinks of places or themes at which it ought to be looking in the coming series); they are inspired by researchers' own experiences; or they result from direct invitations by airlines, nations, tour operators, or hotel groups for the programme to examine a particular product.

Even the researchers' own experiences often are the result of "freebies" since some of them also are writers for newspapers and magazines and do research trips for them as well.

Once an idea has been adopted, it is researched further. A small team, or even just one person, examines the possibilities and implications of the item. This gives the programme-makers the chance to pull out before too much is spent. After that, the whole team is sent out. They do not all travel free. As one BBC producer once put it to me: "We are bulk buyers so we are able to negotiate advantageous rates." In fact, this means that "if you are making an item about us we'll do you a very good deal on flights and hotel rooms."

There are a couple of dangers in this. If a producer decided to do a piece on Hawaii and then could not get "advantageous rates," the idea would simply be dropped. But if the deal is done, then a *quid-pro-quo* is expected.

If deals were done, then we are sailing perilously close to sponsorship. I would join *those who say "so what?"* but at least the viewer should be aware of the fact.

The sad implication of the real cost of travel coverage, of which I am only too aware, is that there is a tendency to favour the travel establishment. It is that establishment which understands the public relations game, and can afford its indulgences.

Thus, if Intasun plays host, or partial host, to a TV team, as its Club 18-30 appears to have done, anything negative (or no coverage at all) would simply be put down to experience. A small operator, or hotel, cannot afford to play that game, at least not without the help of an airline or national tourist office.

It is a pity that there is this nagging doubt about the morality of it all, because the programmes themselves are very good. Generally, they are able to say far more than a writer might put into a travel article and present it with coloured, moving, pictures. Travel and television were really made for each other.

Wish You Were Here I find more relaxing, rather like hearing someone else's reminiscences (although one, at least, of its script writers has an addiction to alliteration). *Holiday* has more punch and requires you to pay attention at all times.

Channel Four has its own endearing little slot, *Holiday Talk* (8.30, Thursday) which really is reminiscences. It, too, is made by Thames and this time the lowness of the budget shows (though not quite as much as on some other C4 productions I could name).

Over the next couple of weeks, I shall be glued to the screen for Denis Healey's pictures of Portugal and some indication of what the Bavarians made of Bernie Winters.

Channel Four also offers us *Treasure Hunt* (8.30, Thursday), or the Anneka Rice Bottom Show, which is really a travel programme with a bit of quiz thrown in. While I am not watching the rear end of Ms Rice as she hurtles in search of some hidden clue, I am buried in maps and books trying to beat the competitors to the answer. The idea was pinched from the French, a somewhat better import than *Jeux sans Frontiers*. That Ms Rice has a face as well as a bottom can sometimes be seen on *Wish You Were Here*.

Book review/Michael Coveney

From Irving to Olivier by Michael Sanderson. The Athlone Press, £14.50. 375 pages

Sub-titled "A social history of the acting profession, 1880-1983," Mr Sanderson's scrupulously compiled book reads as though lots of other books, and a smattering of key dates, had been fed into a computer with an instruction to sort themselves out and respond to the push of a button in not too lively a fashion.

There are three main strands: (1) the social backgrounds of actors, their incomes down the century, and terms of employment, their place in society as reflected in everything from honours received to restaurants patronised; (2) the gradual amalgamation of the music hall and legitimate stages, the demise of actor managers, and the growth of business syndicates in the West End, the rise of directors and agents, the impact of the talking cinema, and the television revolution; (3) in the shadow of the first two elements, the organisation of the profession in various associations, political and benevolent, culminating in the formation in 1929 of Actors' Equity, and its subsequent affiliation to the TUC in 1940.

Not a lot left out there, as you can imagine. Although the tome is a reasonably hefty one, its ambitions necessitate a lot of skimming. Every sentence is made to count, and Mr Sanderson provides interesting tables and appendices as well as a thorough bibliography. In the latter you will find reference to such valuable recent books as Julie Holledge's *Innocent Flowers*, which will expand on Mr Sanderson's remarks on the 1908 Actresses' Franchise League, and Joseph Macleod's, *The Actor's Right to Act*, a more colourful account of Equity's beginnings.

Irving was knighted in 1895, Olivier given a life peerage in 1970, and the Order of Merit in 1981. Mr Sanderson rightly emphasises the importance of Queen Victoria's Command Performances from 1881, and the Prince of Wales's relationship with Lillie Langtry, as the start of the theatre's being made "respectable." The stage was taken over by the middle classes, people stopped chatting when the lights went down, booing was rarer. We still live with this legacy. In 1934, Cedric Hardwicke was the first actor, *pur sang*, to be knighted. Nowadays everyone from Donald Sinden to Timothy West lives in hope.

The drama schools, and the universities, have played their part in producing a modern actor who is well educated, serious and, nine times out of ten, unemployed. RADA opened in 1904, the first university drama department, at Bristol, in 1947. In the early 1950s there was between 30 and 40 per cent unemployment among actors; by the late 1970s, 80 per cent.

Although Mr Sanderson refrains from any sort of editorialising on his amassed information, it is clear that the real entertainment revolution of the last 30 years was neither Osborne's *Look Back in Anger* nor Littlewood's production of *The Quare Fellow*, but the formation of ITV in 1955, followed by Sidney Newman's "Armchair Theatre" drama slot in 1958, an innovation he repeated at the BBC in 1965 with "The Wednesday Play."

Equity's first council was elected in 1931 (two of its members, the redoubtable Sebastian Shaw, and the extraordinary Evelyn Laye, are still treading the boards), its first strike, on a minimum fee disagreement with ITV, successfully resolved after five months in 1962. Mr Sanderson offers a lucid rundown of the recurring battles between Right and Left.

We are reminded that Mrs Pat Campbell was paid £173 a week in 1914, when she starred in *Pygmalion*. The first £3,000 a week fee in London was, I believe, paid to Laureen Bacall when she came here in 1971 in *Applause*. The top box office stars today—Michael Crawford, Alan Bates, Glenda Jackson, Alec Guinness—usually combine a large fee with a hefty percentage of the box office gross. The minimum wage in the West End, secured by Equity, is £120 per week.

Eight of the leading actors in Olivier's *Henry V* film were members of the Garrick Club, whereas today's young stars are more likely to be found in the Zanzibar, or Joe Allen's. A middle-class background was, for some years after 1956, a positive disadvantage for an actor, but the battle for classlessness in the theatre has been partly won.

It is a useful book that prompts such ruminations. All students of theatre, and indeed of social history, will find it invaluable.

Better Times/Theatre Royal, Stratford E. 15

Michael Coveney

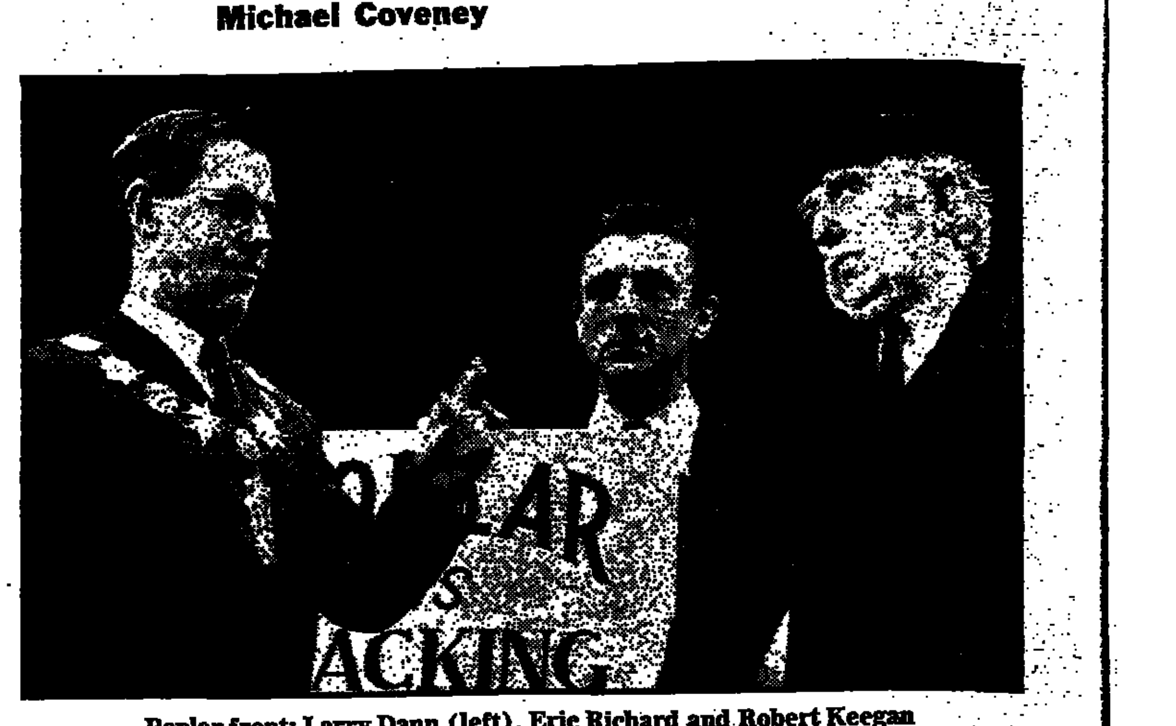
It is not every night of the week that I turn up to the theatre and find my parents in the foyer waiting to inform me that a member of the family is about to be portrayed on stage.

That is what happened on Monday in Stratford East at the opening of Barrie Keeffe's somewhat rambling celebration of George Lansbury and the Poplar councillors of 1921 who defied the LCC's command that they extract higher rates from an area already devastated by unemployment and poverty.

No, I am no relation of the heroic Lansbury: the peerless Angela, though, is his granddaughter. My grandfather's cousin, it turns out, was the softly spoken Irish journalist John Scurr who, along with his wife, went to prison in the cause of "equalisation of the rates." They had a point. Westminster's benefit on the penny rate was £29,000; Poplar's £2,200. Thirty councillors, and Lansbury, were imprisoned in Brixton and Holloway. Their release, Mr Keeffe seems to imply, led to a moral rather than an actual victory.

Lansbury remains an East End hero, a famous opponent of *Herbert Morrison and his* devious politicking, which is why my parents and their friends were at the theatre. I wonder though if Mr Keeffe and his director, Philip Hedley, can possibly be suggesting that those far-off events have a contemporary equivalent in the rate-capping rows and the councils' objections to Mr Patrick Jenkin and the Rates Act? The councils now are being asked, or ordered, to spend less: which is what Lansbury and his colleagues were after.

Still, there is a warm element of valuable local history in this show, at least until the interval.



Poplar front: Larry Dann (left), Eric Richard and Robert Keegan

Thereafter it falls apart, for the writing and direction is enfeebled by having nothing new *to discuss beyond showing* the heroes in prison and their release after a tedious back-tracking judicial announcement. The march to the High Courts is the highlight, with Morrison accusing *Lansbury and friends of threatening the prosperity of* the Labour movement, careless of contributing to a Labour Government. "Okay," says my grandfather's cousin, alias the excellent Eric Richard. The remark drew a huge cheer from a partisan house.

The historical material has not been sufficiently worked into dramatic form. Jenny Tiramani's design creates a pleasant perspective of Poplar parkland, the river and images of housing and industry, all contained with *a false* proscenium half-way up the stage. Below that pictorial statement, we have the committee room tables, the borough meetings, the oratory and the jovial policeman of Gordon Kaye. Kate Williams plays my grandfather's cousin's wife, Donald Morley doubles sleekly as an almost unbelievably decent Mayor of Poplar, Sam March, and a pragmatically doubting cleric.

Relics of the Joint Stock origination of this show (it was commissioned by them but failed to materialise last year after artistic differences between Mr Keeffe and the company) are apparent in Charmian May's predatory Cambridge slummer and jocular references to the Webbs and GBS (pink roses are dismissed as a Fabian gesture). Robert Keegan is a fine and dignified white-whiskered Lansbury, even making something of the councillor's religious convictions.

Lansbury's dream of a decent future for East Enders remains a powerful trumpet call even today, long after the doughty warrior was ridiculed and eventually destroyed by Bevin for his pacifism and inconvenient radicalism. I suppose this is what Joan Littlewood would have called Poplar Theatre.

Natural Causes/Watford

Martin Hoyle

The set is detailed as plushly as we expect from the Palace Theatre, Watford. The mottled pillars and Corinthian capitals of Ken Harrison's view of the library of a well-to-do Home Counties residence even recall Adam's crack at the same thing at Kenwood, though here the furniture is irredeemably Thames Valley comfy.

This blackish, sometimes brackish, comedy comes from Eric Chappell, perhaps best known for originating Rising Damp; and the star of that TV series, the late Leonard Rossister, looms spectrally over the new play. The pseudonymous Vincent, a down-at-heel executive from Exodus (suicide consultants—they help you on your way), snappishly aware of intellectual inferiority and aspiring wistfully to better things, with obliging incompetence drops poison into one wrong glass after the other as he mistakes the identity of the would-be suicide. Michael Robbins scarcely does justice to this mixture of the predatory and the pathetic. His weary reliance on a few mannerisms bespeaks the TV sitcom with its running gags and emphasis on the reassuringly predictable.

The style hovers uncertainly between farce and the comedy of outrage. A joke about surrogate parenthood, kippers and fridges is off-course; but elsewhere the author could go further in his irreverent look at death in the midst of life. The wimpish Ian Lavender, only just bereaved, being coaxed by Cathryn Harrison's blonde secretary into making love on the very spot where his wife keeled over, is brutally funny and almost redeems the contrived scene's obvious dénouement.

Mr Lavender's accomplished light touch exploits a few good lines. He explains his 25-year marriage to a chronic depressive with "It was my idea to get married. She would have preferred a suicide pact." Hence what amounts, morally speaking, to a murder plot that hinges on his attempt to gratify Celia's yearning for death—without, of course, letting her know. The time-honoured twist of the hit-man switching targets is the first in a series of permutations of suicidal bluff and double-*bluff that run out of steam* before the final curtain.

Apart from Mr Lavender (whose plaintive panic on hearing his wife has left her fortune to charity is treasurable), Ms Harrison does her considerable best with the blonde mistress by playing her straight and naturalistic: there are hints of an interesting character undeveloped in the writing. As played by Toby Robins, the wife emerges as a great big silly out of farce. Ms Robins is too intelligent an actress not to look uncomfortable for much of the time. Kim Grant's direction provides no compass for the increasingly rudderless evening.

Scottish Arts Council's 1985/86 grant

The Scottish Arts Council has confirmed that its 1985-86 base grant is to be £12,139,000. This represents an increase of 2.19 per cent on last year, well below the current rate of inflation. A further £600,000 has been granted, for one year only, to compensate for the recent transfer of responsibilities for the arts from regional to district local authorities.

Maxwell Davies premiere

The world premiere of Peter Maxwell Davies's *Symphony No 3* will take place on February 19 at the Free Trade Hall, Manchester. It also marks the 50th anniversary of the BBC Philharmonic Orchestra, formerly the BBC Northern Symphony Orchestra, who commissioned the piece. The performance will be broadcast live on Radio 3.

The Sleeping Beauty/Covent Garden

Clement Crisp

Taking Chaikovsky seriously is not as common a virtue in the ballet world as it should be, considering the inestimable debt companies world-wide owe the composer. The general run of performances give an all too predictable impression that we *must take the note for the* musical deed, and matters are made worse by the arbitrary and sometimes crass way in which his scores are edited, elided to serve producers' whims.

It is to the Royal Ballet's credit that there has lately been far greater care taken over the staple Chaikovsky fare, with Rozhdestvensky's lustrous account of Nutcracker still gratefully in our ears, and on Monday the appearance of another Russian conductor, Mark Ermler, to bring an unaccustomed breadth and poetry to *The Slepeing Beauty*.

In the prologue and first act, where *the musical text* is largely intact, Mr Ermler's spacious tempi, the sure rhythmic pulse to his reading, allowed the score to open out so that its organic development—so central to the dramatic argument implicit in Chaikovsky's writing — was clear to hear as well as to see in the dance action. The latter half of the work, which is gracelessly truncated, sounded well, but its effects are diminished by cuts, and in due time the Royal Ballet must open these and allow Chaikovsky's genius full rein.

Leading the performance, Lesley Collier proposed an *Aurora radiantly secure*, precise, the dances set out with that sparkle which is among her best qualities. It was everywhere an interpretation of an artist wholly mistress of her craft, and it would be a churlish heart which did not rejoice in such clarity of means and such honesty of utterance. Her Prince was Stephen Jefferies, ever intelligent in creating a character from the small matter of the role, and dancing in his variation with a splendid panache.

Some of the soloist variations — especially among the prologue fairies — lack authority, individual savour, but I found much to admire in the *Florestan trio* of Maria Almeida (who dealt easily with Mr Ermler at his most brisk), Deirdre Eyden and Phillip Broomhead. *Beauty* is entering upon a run of performances over the next month: with Mr Ermler to make such sense of the score, the Royal Ballet's artists have plenty to inspire them, as Petipa did with Chaikovsky.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Feb 1–7

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Glengarry Glen Ross (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (239 6200).

Balm in Gilead (Minetta Lane): John Malkovich's energetic but nostalgic revival of an early Lanford Wilson play brings back the wide-eyed, drugged out 1960s and 70s to the accompaniment of Bruce Springsteen songs. (420 8000).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

Noises Off (Brooks Atkinson): The closest Broadway gets to the British farce tradition is this import of Michael Frayn's funny backstage view of all the slamming doors and dropping drawers. (245 3430).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

WASHINGTON

The Marriage of Figaro (Folger): The company's own adaptation of the Beaumarchais script will also use Mozart's music and da Ponte's libretto in an ambitious eclectic production. Ends March 10. (546 4000).

Royal Shakespeare Company (Opera House): With Broadway enthralled with the repertory productions of Much Ado About Nothing and Cyrano de Bergerac, stars Sinead Cusack and Derek Jacobi are bound to have a successful Washington run as scheduled until Feb 17. Kennedy Center (254 3770).

Man & Superman (Arena): Douglas C. Wager directs Shaw's intellectual tour of London, Spain and Hell itself, with the inclusion of the Don Juan in Hell scene, in a production starring the nimble Francois de la Giroday as John Tanner. Ends Feb 17 (488 3300).

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Mother Courage (Barbican): Fine RSC presentation by the design team of Cats – John Napier and David Hersey – with Judi Dench as a scavenging, music hall and finally moving Courage pushing her elaborate cart of stage machinery through the Heavyside Layer. Howard Davies directs, good support from Trevor Peacock, Stephen Moore and Zoe Wanamaker. (628 8795).

Two Into One (Shaftesbury): Donald Sinden and Michael Williams head the cast of a blissfully funny farce by Ray Cooney in the old Whitehall tradition. An irate manager, Lionel Jeffries, declares: "There's far too much sex going on in this hotel, and I'm not having any of it." Not to be missed. (379 5399).

Waste (The Pit): Riveting RSC revival directed by John Barton of Granville Barker's 1907 once-banned play about a politician destroyed by an adulterous liaison leading to an abortion, a death and a suicide. Daniel Massey, Judi Dench, Charles Kay, Tony Church and Mark Dignam in a stellar cast. (628 8795).

Coriolanus (Olivier): Peter Hall's best production to date at the National, Ian McKellen a splendidly historic thing or war, thrilling use of the Olivier's arena architecture, Irene Worth never better as Volumnia. In all, a thoroughly lucid exposition of a great and complex play with an NT company that for once resembles an ensemble. (928 2252).

The Hired Man (Astoria): Worthwhile new musical of Cumbrian agricultural and war-time life, based on a novel by Melvyn Bragg. Persuasive anthems, marches and chorales composed by Howard Goodall, with a high standard of singing and musical direction. Lyrics and book less secure. (734 4287).

CHICAGO

Adventures of Huckleberry Finn (Goodman): Stuart Gordon directs the Organic Theatre Company's revival of its 1975 local hit to commemorate the 150th anniversary of Mark Twain's birth. Ends Mar 3. (443 3800).

Riches to Ragtime (Pheasant Run): World premiere of John Reeger and Ed Flesch's view of scams and fast talkers by combining Scott Joplin tunes with O. Henry characters. Ends Mar 31 (261 7943).

On the Razzle (Absolute): Michael Leavitt directs the local debut of Tom Stoppard's interpretation of the Johann Nestroy farce. Ends Mar 31 (327 5252).

TOKYO

Westside Waltz, the Japanese version of the Broadway hit directed by Toru Emori, starring Haruko Sugimura, a joint production by Shochiku and Bungei-Za companies. Sunshine Theatre, Ikebukuro. (987 5281).

La Cage aux Folles. Another Broadway hit in Japanese, directed by Yoji Aoi, with Masumi Okada, Nasaomi Kondo. Imperial Theatre. (212 4611).

INTERNATIONAL GUIDE TO THE ARTS every Friday in the Financial Times

FINANCIAL TIMES

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Wednesday February 6 1985

Lange's risky policy

MR DAVID LANGE, the New Zealand Prime Minister, is running an unnecessary risk with his country's future by barring the country's ports to U.S. nuclear warships. He is also weakening the position of his fellow socialist, Mr Robert Hawke, Prime Minister of Australia.

The stand that Mr Lange has taken has prompted the U.S. to call off Sea Eagle, a joint naval exercise of the three members of the Anzus pact: Australia, New Zealand, and the U.S. The very future of the pact is in question. It is hard to challenge the American argument that New Zeland cannot expect to be protected by the Americans if it will not admit to its ports the means of its protection which happen to include nuclear arms and nuclear-propelled vessels.

From the viewpoint of the overall defence needs of the U.S. and of the West, the paralysis and possible collapse of Anzus is not a disaster. New Zealand's military contribution to the pact, in the form of air surveillance in the southern Pacific, is not especially large. Australian and U.S. units could fill the gap.

But if he sticks to his line, Mr Lange will risk cutting off his country from sources of military intelligence and of modern military supplies. That may be a risk that he is prepared to run. But New Zealand is also dependent upon the outside world both for markets and for financial backing. Anything calculated to aggravate its geographic isolation could impose unnecessary strains upon a frail economy.

The internal political pressures on Mr Lange should not be underestimated. He was swept to power last year by a Labor landslide. In power he has had to adopt a severe economic policy, no doubt disappointing the expectations of his followers. It would have been difficult to complement that manifestation of realism by a similarly realistic abandonment ofthe anti-nuclear plank in his platform.

Across the Tasman Sea, Mr Hawke has contrived to be realistic in both matters. Though Australia does exclude nuclear ships from its dry docks, the ports are open to them. More important, under bilateal arrangements not dependent upon Auzus, the U.S. maintains installations in Australia.

Mr Hawke's refusal to shut down these facilities has not pleased his Left-wing and the anti-nuclear movement. So far he has kept them at bay. New Zealand's intransigence may add to the difficulties of doing so.

It may also revive flagging hopes attached in other corners of the globe to the concept of a nuclear-free zone. Mr Andreas Papandreou, the Greek Prime Minister, has worked for such a zone to be declared in the Balkans but has been repudiated by the Turks who do not wish to forfeit U.S. protection.

Agitation

In Scandinavia too there has been some agitation for a nuclear-free zone to be established. It never got anywhere.

Sweden, Norway and Denmark are, in fact, free of nuclear arms.

But neither Norway nor Sweden bars U.S. naval visits. New Zealand's policy does, in effect, rule out such visits because, for obvious reasons, the U.S. Navy—like the navies of the other nuclear powers—refuses to state publicly which of its ships do and which do not carry nuclear arms.

Mr Lange need not be surprised to find that his policy has encountered a testy U.S. reaction. Though the southern Pacific has not been an area of great power tension, there are signs of increasing Soviet activity there.

That is no reason why the U.S. should follow the advice of its wilder men who have, for instance, suggested dumping surplus U.S. butter on world markets to strike at New Zealand and its farmers. New Zealand has, after all, exercised its right as a sovereign state to conduct its own policy. But the Americans are perfectly entitled to ask Mr Lange whether he does or does not wish to be part of the alliance with all that entails and to accept the consequences if he does not.

Loosening Yalta's grip

WATERSHED events become, over the years, encrusted with myth. So it is with the 40th anniversary this week of the wartime Yalta agreements which, together with those reached at Potsdam a few months later, set much of the shape of divided post-war Europe. This week has seen, on the one hand, Soviet bloc governments lauding Yalta as paving the way for an unprecedented 40 years of peace in Europe and, on the other, calls by groups in the West on governments to renounce or denounce Yalta as a sell-out. Both interpretations are, to differing degrees, wide of the mark.

Churchill may have had some earlier, ill-advised discussion with Stalin about spheres of influence. But when the two of them met, together with Roosevelt, in the Crimea 40 years ago, no carve-up of Europe was agreed beyond the de facto partition that had already taken place on the battlefield. By that time the Red Army already controlled most of Poland, part of Czechoslovakia and half of Hungary. What the Yalta accords did was to plan the division of Germany into zones of allied occupation and to promise to the peoples of liberated Europe "democratic institutions of their own choice" and, specifically to Poles, "free and unfettered elections."

The two Western leaders were undoubtedly foolish. But they had little practical choice to take Stalin, whom they were then eager to entice into the war against Japan, at his cynical word on Eastern Europe. So Yalta was a cruel hoax, but not a cold-blooded sell-out by the West.

Outbursts

The Eastern mythology is more distorting. That Europe has not had a major war for 40-years is not, as the Soviet foreign ministry spokesman claimed this week, the result of Yalta, but of the nuclear stand-off between the superpowers. Imposition of the Soviet system on Eastern Europe has created instability, fuelling open outbursts (from Hungary in 1956 to Poland in the 1980s), weakening the legitimacy of East European governments, giving Moscow a persistent foreign policy headache and consistently souring relations with democratic Western governments themselves hard-pressed by their East European emigré constituents.

While formal renunciation of Yalta would be meaningless, no one in the West can want the division of Europe to continue in precisely the same form for another 40 years. The Western goal, despite occasional loose talk from some West German right-wing politicians, is not to remove the frontiers of central and eastern Europe, but to make them more open. This was the aim of Western governments when they joined the Soviet bloc in signing the Helsinki accords 10 years ago. These committed signatories, inter alia, to recognising the inviolability of frontiers, respecting human rights, and allowing more personal and business contacts between East and West.

The Soviet bloc human rights record has not improved in the past 10 years. Indeed the Helsinki accords have proved something of a trap for those East European civil rights campaigners who thought that at last Helsinki gave them bona fide legal protection in urging their governments to live up to their civil rights commitments and who have since found, to their cost, that they have not.

Legitimate

But even if, in some aspects, Helsinki seems as big a hoax as Yalta, there is one large difference. The West had no recourse on Yalta. There is with Helsinki, in the permanent review process of the 1975 accords. The West has what in diplomatic parlance is called a droit de regard, a lefitimate right to complain if the East does not live up to its promises. And the West has an endless series of opportunities to express these complaints. After Belgrade in 1977 and Madrid in 1980-83, the next main Helsinki review starts at the end of next year in Vienna. In between there are mini-reviews of aspects of the Helsinki accords, in Ottawa this May on human rights, in Budapest this October on information and cultural exchanges, and next year in Berne on human contacts. The short run gains may be minimal. But it is hard to believe that this permanent drip-drip of Western criticism will not in the long term have some effect on a Soviet leadership which cares more about what the West thinks and says than Stalin ever did.

THE BANK OF ENGLAND

Lonely times for the Old Lady

By David Lascelles, Banking Correspondent

Mr Robin Leigh-Pemberton, governor of the Bank of England: a general image of team manager and government ally

THERE is a convention that people do not speak too unkindly about the Bank of England. It is considered bad form, and might upset the delicate mechanisms that keep the City running smoothly.

But not recently. Over the past few months the City and Whitehall have been buzzing with uncomplimentary remarks about the Bank: it has been accused of mishandling the Johnson Matthey Bankers affair and of getting its wires crossed on bank supervision. In the City it has been described as a pawn of the Thatcher Government, but over in the Treasury they are not altogether happy with the way the Bank has handled some banking supervision issues.

Some people see this as merely the result of an unfortunate string of events, and even the Bank's sternest critics are not out to provoke a debate which questions its role too deeply. Nor is this the first time that the Bank has been in the doghouse: its running disputes with the Treasury over monetary policy were for a time legendary. It has also earned some points for keeping its nerve during the recent sterling crisis.

But there are others who think the Bank might have lost that sureness of touch which once earned it the reputation of one of the world's best-run central banks. They detect confusion in its lines of communication to the City, and wonder whether its time-honoured nod-and-wink methods of supervision are up to the increasingly competitive and complex ways of the Square Mile.

Whether or not these concerns are justified, all the attacks and the trauma of Johnson Matthey have taken their toll on morale in the Bank, though officials there take an "it will blow over" attitude. They also maintain that relations with the Treasury "at a working level" are as good as they have ever been.

The review of bank supervisory practices launched by the Chancellor in the wake of Johnson Matthey—which the Bank welcomed as a good opportunity to examine the workings of the five-year-old Banking Act—also looks like a reproach, though quite what it will lead to is still uncertain.

Much of the resentment that bankers—particularly the clearing banks—nurture against the Bank dates back to last March's Budget when, for the second time in two years, they were hit by the Chancellor's tax measures. The decision to phase out capital allowances wiped the equivalent of a whole year's profits out of many banks' reserves, and the extension of composite rate tax to payments of bank interest added insult to injury.

Although it is not the Bank's job to fight for the banks at Budget time, bankers were cross because they felt it should have done more to cushion the blow, particularly since it was simultaneously pressing them to boost their reserves as a protection against all the other troubles besetting the banking industry. Some officials in the Bank agree that the measures—while possibly necessary—were unfortunately timed. That suggests that communications within the Bank, and with the Treasury, were not as good as they might be.

Coming as they did less than a year after the controversial appointment of Mr Robin Leigh-Pemberton, Mrs Thatcher's personal choice as Governor, these measures also did little to help the Bank's claim to a degree of independence.

The Bank has recently earned more odium with its proposals for new rules on the raising of capital, which many bankers believe would make some types of bank loan stock impossible to sell. If true — and the proposals have yet to be agreed, let alone tested — this would also conflict with the Bank's efforts to get banks to raise more capital.

Popularity is not a quality central banks necessarily seek, and the poor reception these proposals have received may only indicate that the Bank is setting high standards.

But the Governor did try to combine an understanding of bankers' feelings with a forceful justification of the Bank's line in his speech to the Overseas Bankers Club banquet this week: "These pressures on our part may seem onerous to individual banks . . ." he said, adding: "I hope we in the Bank are always alive to the effect changes may have on competitive equality, but I do not think that it can be in the long-run interests of our banks for us to be other than rigorous."

If there was a suggestion that the Bank was moving closer into Whitehall's orbit after the Budget, that was not the case immediately after JMB when the Bank earned the Treasury's obvious displeasure for rescuing a badly-managed bank. It then found itself involved in a costly support operation with £75m in guarantees and another £100m in special funding as the full extent of JMB's losses became clear.

Whether or not the Bank was right to rescue JMB (and it would probably have been just as harshly criticised if it had allowed JMB to go under) the affair has damaged its reputation and has strained its relations with the banks it had to corral into the support operation.

The clearers feel specially aggrieved because they do not see why they should stump up more money after all the other injuries they claim to have suffered. The Accepting Houses, who are closer to the Bank and know that the price for its unspoken support is a readiness to spring to its aid, have been less critical.

The big question, though, is how far the crisis will lead to changes in UK bank supervision, and in the role of the Bank itself, particularly with all the other upheavals that are going on in the City. Although the Chancellor's review is unlikely to set off sweeping changes in the largely informal, trusting methods of UK bank supervision, JMB showed clear weaknesses. Is the Bank's 80-strong supervision department big enough to cope with 400 banks in one of the world's biggest and most innovative banking markets?

The answer may well be more people, more reporting, and a general trend towards more bureaucracy which could cost the Bank some of its mystique.

The amalgamation of banks with stockbrokers and jobbers, which the Governor has actively encouraged, will also need extra policing and calls for a clearer definition of the kind of risks banks should be permitted to take.

The Bank would welcome some changes in the Act and other procedures, though it would resist any proposals to introduce a U.S.-style system of examiners and strict rule books. It cherishes its powers of discretion and is not convinced an alternative system would work any better.

In a radio interview last week, the Governor said he still hoped to be able to achieve things by raising his eyebrows. But the counter to the greater powers the Bank may amass and the more formalised role it has come to play may well be more direct — and public — accountability to Westminster, rather than just to the Treasury which, under this government at any rate, has shown less inclination to defend its every action.

THE SMILE ON THE FACE OF THE TREASURY

"IF THE Bank of England did not exist, the Treasury would still need an office in the City."

This half-humorous remark by a Treasury official illustrates as well as anything the way the Bank has been drawn into the Treasury's orbit with a perceptible shift of power from the Bank's elegant fortress in Threadneedle Street to the bleaker red linoleum corridors of the Treasury.

The Treasury has always wielded the ultimate power. When William Pitt pre-empted the use of the Bank's gold in 1797, Sheriden was prompted to suggest that he had seduced the Old Lady of Threadneedle Street to pay for his war with France.

More formally, when the Bank was nationalised by the Labour government in 1946, it was laid down that the Treasury could issue directions to the Bank, "after consulting the Governor."

Nevertheless, throughout the Bank's 290-year history, its governors have jealously guarded their independence with a combination of aloof dignity, intellectual rigour and guile.

Perhaps no governor was more zealous in preserving the integrity of "The Bank's view" than Lord Richardson, who retired somewhat reluctantly at the end of his second term in July 1983.

He had told Mrs Thatcher flatly in 1980 that the Government's monetary strategy as it was then conceived, was unworkable; he had been an implacable opponent of the Treasury's plan to issue index-linked gilt edged stock, and he made no secret of the Bank's view that Britain might be better off as a full member of the European Monetary System.

His successor, Mr Robin Leigh-Pemberton, has shown less of this combative spirit. Indeed, he said in a BBC radio interview last week that he believed "one of his first duties" on assuming the governorship would be to get rid of any tension he found in the relations between the Bank and the Treasury.

As a result, discussion of monetary and economic policy seems to have been going more smoothly between the two, but largely on the Treasury's terms.

Most recently, the conversion of Mr Nigel Lawson, the Chancellor to a policy of greater direct intervention in the currency markets, looks like victory for a long-held Bank view. However, it probably owes more to the Government's desperation as the pound threatened to go into a tail spin last month than to any strong pressure from the Bank.

On the monetary front, the days when Mrs Thatcher might flatly reject the Governor's view, as she did in a celebrated meeting in Downing Street in 1980, seem past. The Treasury has quietly absorbed many of the Bank's criticisms of "monetary targetry," so that the present financial strategy is framed in a much more flexible way than was originally conceived.

Sometimes the Bank's old fierce pride flashes out. Only a couple of weeks ago one official told his guest: "You shouldn't come here to ask about monetary policy; you should listen to Woman's Hour"—a reference to the Prime Minister's remark on the programme that the pound was undervalued.

But generally the Leigh Pemberton style prevails: a genial image of team manager and ally of the Government rather than guardian of the Bank's conscience. He showed this vividly at his first appearance before the Treasury and Civil Service Committee of MPs when he was asked a question about monetary policy in 1980-81. With disarming frankness he said he wasn't sure, hadn't been there at the time, and would Mr Kit McMahon, his deputy, like to answer?

In Mr (now Lord) Richardson's time there would have been one view and the Governor would have expressed it, with firm and somewhat patrician courtesy. Now, the Bank's executive directors and more junior officials have far more freedom to express their own views to their opposite numbers in the Treasury.

This means frequent and often animated discussion of day-to-day tactics between Mr Eddie George, the Bank's executive director in charge of monetary policy, Mr Tony Coleby, who is in charge of the money market operations, and their opposite numbers in Whitehall. These contacts are not new, but as one official said: "The new governor's policy of delegation does confer authority to the executives."

Some of these changes were probably inevitable. As the financial markets became larger, faster moving and much more central to economic policy, the Treasury naturally took a closer interest in their workings.

One of the first things that Sir Peter Middleton did when he moved into the capacious office occupied by the Treasury's permanent secretary was to instal a Reuter monitor among the mahogany furnishings.

Until only a few years ago, the Treasury had to ask the Bank if it wanted to know the up-to-date movement of the markets, and this superior knowledge conferred a kind of power and perhaps some mystery.

Governors from Montagu Norman in the 1930s onwards were used to telling Chancellors what the markets would or would not stand for. Now, the discussion is much more equal.

The Treasury now sees the Bank's expertise in much more specific terms. The Treasury may have an electronic ringside seat on the financial markets, but the Bank remains a major player. From daily contacts and more formal meetings about every month, officials thrash out policy issues as well as market tactics, so the Bank's expertise has generally been fed into the Treasury at informal levels before the Governor's weekly meetings with the Chancellor.

This substantial shift in the Bank's approach may carry a penalty in terms of prestige. In the past, the Bank's discreet but vigorous opposition to policies it disapproved of has contributed powerfully to its status as an institution at home and abroad. Too much complaisance might not be admired in the City.

Max Wilkinson
Economics Correspondent

Men and Matters

Icahn joins the battle

Carl Icahn, the 48-year-old New York financier who yesterday popped up in the $8.5bn battle for Phillips Petroleum, has been dubbed by Institutional Investor magazine as "the man CEOs love to hate."

Mere mention of his name is enough to set alarm bells ringing in the boardrooms of America's sleepier companies. A trim 6ft 3in, Icahn runs his own small brokerage firm out of offices on the Avenue of the Americas, specialising in arbitraging securities and mounting fast, rough and tumble raids on vulnerable companies.

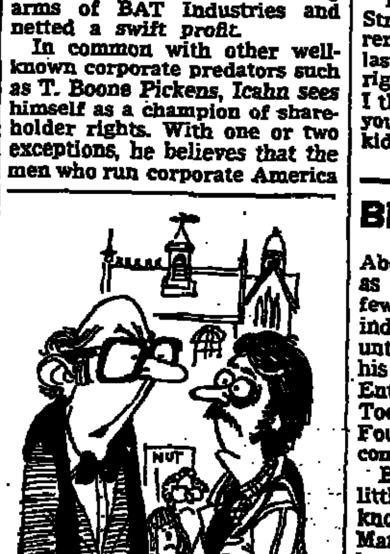
He first made his name when he and his associates built up a near 30 per cent stake in Marshall Field in 1982. By making threatening noises off stage, he drove the Chicago retailer into the comforting arms of BAT Industries and netted a swift profit.

In common with other well-known corporate predators such as T. Boone Pickens, Icahn sees himself as a champion of shareholder rights. With one or two exceptions, he believes that the men who run corporate America today are "the same fellows who used to be fraternity presidents" — likable, politically astute but "not the brightest or the most capable."

Icahn was the first kid from his public (and I don't mean Eton-like) school in New York's Queens neighbourhood to make it to Princeton.

Even on Wall Street he is regarded as a bit of a maverick. Ivan Boesky, another leading light in the U.S. risk arbitrage community, once described Icahn as "a grossly misunderstood person" whose charitable work was not commonly appreciated.

But most people on Wall Street know Icahn best for his remark to a U.S. Federal judge last year that "if the price is right, we are going to sell. I think that's true of everything you have except maybe your kids and possibly your wife."



"What sort of example is this to the pupils—half an hour late for our industrial action?"

Bid hand

Abe Goldberg may be known as Mr Textiles in Sydney but few people in the UK clothing industry had heard of him—until yesterday, that is, when his Australian company, Entrad, launched a full bid for Tootal, one of Britain's Big Four textile and clothing companies.

But if Tootal knows just a little about Entrad, Goldberg knows quite a lot about the Manchester company. For he has two men—Rod Hartley and Ian Reid—in his Sydney offices who have sat o nthe top tables at Tootal.

Hartley was a main board director of Tootal when he was sent to Australia in 1978 to run Bradmill, a general textiles company which Tootal had acquired. But the strategy fell foul of the intensely nationalistic Australian securities commission and the country's protectionist stance.

When Tootal decided to sell Bradmill to Entrad, Hartley decided to stay in the Sydney sun rather than return to Manchester's equally famed but less invigorating climate.

The younger Reid, treasurer to the Tootal board when he was sent out with Hartley to Bradmill, also found the attractions down under too compelling to leave.

Whether either returns to Lancashire depends on what happens to Entrad's bid. But Goldberg must be smiling with these two aces in his hand.

No banker bet

A few lucky bankers were counting their winnings yesterday after an upset in one of the City's biggest—though surreptitious—wagers: the length of the annual banquet of the Overseas Bankers Club.

This grand Guildhall occasion brings together 700 of banking's finest from all round the globe. But it has in the past proved a somewhat lengthy affair, with City ceremonial, sung grace, loving cup, and six speeches, including those of the Chancellor of the Exchequer and the Governor of the Bank of England.

Sweepstakes were organised at several tables on Monday night. Participants placed their bets—usually £1—by writing the finishing time on their place cards and handing them in to the book-keeper. But anyone who bet on past form was in for a shock.

Sir Michael Herries, chairman of the Royal Bank of Scotland, got things off to a brisk start by promising to be brief—and keeping his word.

Nigel Lawson rattled through his speech because he had to get back to the Commons for nine o'clock for the debate on the miners' strike.

An exceedingly few well-chosen words followed from Sir Jeremy Morse, chairman of Lloyds Bank. The Lord Mayor kept up the pace, only slightly over-running his average target of seven minutes.

By now the old timers in the audience could see their bets slipping away. It all hung on the Governor to spin things out a bit. But Robin Leigh-Pemberton's words barely filled three and a half pages, and it was all over at 9.53 pm precisely.

"You'd be lucky to get away before 10.30 usually," grumbled one banker, watching his wager being tucked into someone else's wallet.

Goldfields

Time for James Lee, chairman and chief executive of Goldcrest, to bite his nails again. In Los Angeles tonight the Oscar nominations will be announced; and rumours in Hollywood suggest that Goldcrest's film The Killing Fields, produced by David Puttnam and directed by Roland Joffe, will figure prominently.

Goldcrest's Chariots of Fire and Gandhi took 12 Oscars between them—and the signs are good for The Killing Fields. The film opened in 657 cinemas across the U.S. at the weekend and took $3.2m, a better financial performance even than Chariots of Fire.

Earlier this week the British Academy of Film and Television Arts gave The Killing Fields a record 13 nominations. Goldcrest, in fact, won a record 25 out of a possible 76 Bafta nominations. Its other films to gain attention were The Dresser, Another Country and Cal.

But it is in Los Angeles tonight where the big decisions affecting the British film industry are being taken.

Observer

DEVELOPING COUNTRY INVESTMENT

IBM: a test case for Mexico

By David Gardner in Mexico City

"EVERY Mexican housewife knows that a hamburger is just a flattened meatball," explained Jose Antonio Perez Stuart, sententious radio pundit and idiosyncratic financial columnist on Excelsior, the leading Mexico City daily, arguing last year against McDonalds' long-solicited entry into Mexico.

Sr Perez Stuart's broadcasts and columns are an eclectic mishmash of anti-Communist crusade—scourging notorious Kerenskys like Raul Alfonsin in Argentina and red Fifth-Columnists like Mexico's notoriously tame trade union leaders—of consumer defence and passionate free market advocacy. Over the past year, they have frequently been at the service of IBM's plans for a big personal computer operation in Mexico.

Though the columnist no doubt has his own reasons for discriminating between Big Mac and Big Blue, his views, surprisingly for such a maverick, are within the mainstream of Mexican thinking on foreign investment.

Since Mexicans can flatten meatballs with the best of them, but do not yet make floppy discs, one would have thought that McDonalds would be politely rejected, and IBM warmly welcomed. Instead, the reverse appears to be happening. The fast-food giant expects to get the go-ahead to open in Mexico by mid-year while the U.S. computer colossus was turned down in the middle of last month by the Government's Foreign Investment Commission.

The rejection is not final, according to industry analysts and Government officials. The Government says "the door is still open" and IBM states it is continuing "an open dialogue." But the fate of IBM's plans is being seen as a watershed, a test being studied by actual and potential foreign investors as defining Mexico's complex, often reticent attitude towards transnational capital.

In the submission to its international bank creditors on the rescheduling of $48.7bn of its $91bn foreign debt, the Mexican Government projects incoming foreign investment of just over $1bn a year—equal to this year's net foreign borrowing requirement—from now to the end of the decade.

Total existing foreign investment is around $14bn, officials say, about 4.5 per cent of all fixed capital investment. More than two-thirds predictably, comes from the U.S., and companies with foreign capital account for over one-third of non-oil exports. More surprisingly, given that they are neighbours, Mexico accounts for only 3.3 per cent of all U.S. investment abroad.

The Foreign Investment Commission, announcing its rejection of IBM's plans on January 18, said it had authorised 70 per cent of proposals received last year, for a total value of $1.56bn. Taken at face value, this figure outstrips all foreign investment in the 1970-76 Echeverria Administration, and any single year of the Lopez Portillo boom years of 1976-82.

But there are more important issues than foreign exchange cash-flow projections in the IBM controversy.

IBM has been negotiating with the government since last March to set up a wholly-owned subsidiary which would be its fourth main production unit after the U.S., Australia, and Scotland. The plan is to produce 130,000 personal computers a year—the PC-JR, PC-XT and the top-of-the-range AT model by expanding its existing plant at Guadalajara, which makes the System 36 mini-computer. IBM has been established in Mexico as a wholly-owned subsidiary making typewriters since 1927.

It is far from clear that this can fit in with Mexico's plan for its computer industry. In general, foreign investment regulations require a multinational to be a minority partner in a joint venture, though in practice many foreign companies have set up wholly or majority-owned subsidiaries.

However, there exists a nearly three-year-old but still-to-be enacted decree regulating the electronics industry, shelved by this Government in the wake of Mexico's 1982 financial collapse.

The decree allows wholly-owned foreign subsidiaries making mainframe and mini-computers but calls for minority foreign stakes in joint ventures to produce personal computers, and sets targets for local content and exports. All the 28 companies in the sector have conformed to these rules, on the assumption they would soon be law. In effect, IBM wants these rules changed to accommodate its plans.

The Mexicon imbroglio is at one level a function of the computer wars going on in the U.S. The Mexican personal computer market is variously estimated at 8,000-20,000 units a year: attempts to supply it locally began barely three years ago when financial collapse put an end to carefree importing. First off the mark was Corona, the small Californian producer, followed by other IBM "compatible" manufacturers, or "clones" in the industry jargon, like Colombia and Televideo.

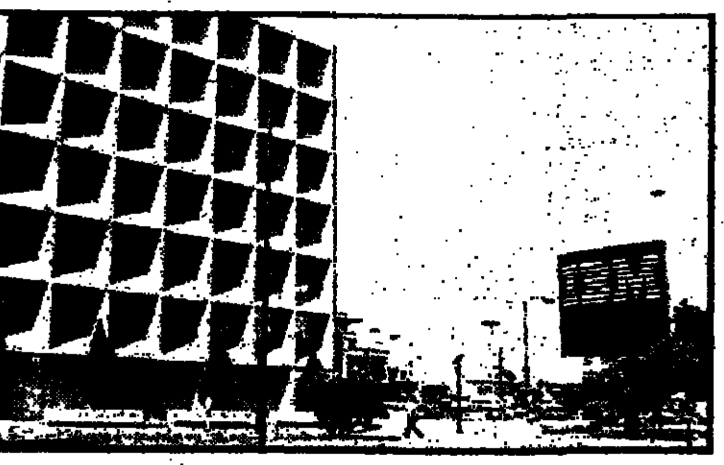
Although 92 per cent of IBM's output would be for export, that would still leave it about 40 per cent of the local market, a potential it would doubtless seize because of pricing and sourcing advantages, and plans for the most ambitious distribution network in the industry.

Mexico is not the only country to be worried about the size and dominance of IBM. Britain last year turned down its proposed joint venture with British Telecom, while the EEC reached agreement with the company, requiring earlier disclosure of certain product information, after an anti-monopoly investigation. In the developing world, IBM withdrew from India in the 1970s rather than accept joint venture status.

Indeed the Mexican case emphasises the problems developing countries face with foreign investment: those of trying to reconcile indigenous development with modernisation. These two strands have their most articulate defenders at the front-line of the current controversy, in the Trade and Industrial Development Ministry.

Backed by the Planning and Budget Ministry, the Industrial Development Secretariat argues that having missed out on mainframe and mini-computer production, Mexico has the chance to develop its own personal computer producing capacity. IBM's entry on its own terms would put paid to that, making Mexico effectively dependent on one manufacturer, with control outside the country. The size of IBM's investment in new plant of initially $6.6m, other critics point out, makes it a classic "suitcase factory" facilitating easy withdrawal.

The Secretariat of the Foreign Investment Commission, headed by Sr Adolfo Hegewisch argues that Mexico is getting poorly assembled, out-of-date technology at inflated prices.



The IBM headquarters in Mexico City

Apple's IIE and Hewlett Packard's HP-150 are being sold here at 131 and 66 per cent above their U.S. list prices, the document claims—against an IBM promise to keep the differential to 15 per cent—while 30 to 40 per cent of local output is defective. The document warns that the computer industry could repeat the mistakes of Mexico's car industry. Most car producers in Mexico, including Volkswagen, Ford, GM and Chrysler are wholly-owned subsidiaries, having entered the market before foreign investment legislation was tightened in 1973. The attractions of Mexico as a sourcing country for components and built-up cars for VW and Chrysler appears to be growing despite tighter regulations. Ford is going ahead with a $500m export-oriented plant in the north.

The Industrial Development Secretariat is believed to favour letting IBM set up an "inbond" or *Maquiladora* plant of the type that dot Mexico's border with the U.S. This way, the country would get the export revenue (of $106m a year in IBM's plan) and employment, while the infant personal computer industry would be unharmed.

Sr Hegewisch's department is calling for 15 additional clauses to IBM's proposals, covering further R and D investment, restricting the company's market share, and generally tying it closer to Mexican development priorities. These modifications are among the proposals now under discussion. Sr Hegewisch is understood to have tendered his resignation after the IBM decision, but it was refused and undertakings on future foreign investment guidelines are understood to have been given.

At the root of the problem, according to one leading student of foreign investment here, is the fact that investors rarely look at Mexico as the recipient of new technology, but as a bridge, trading export revenues and employment for cheap labour and the country's strategic position.

Like most of those familiar with the negotiations, he believes the Government will eventually give IBM the go-ahead: "Their concern is more with confidence, and an IBM investment means really a great deal of confidence in Mexico."

Unemployment and pay

Few dividends from lashing the unions

By Stephen Nickell

THE CHANCELLOR recently noted in the Commons that the evidence suggests that a 1 per cent change in the average level of real earnings will, in time, make a difference of between 0.5 and 1 per cent in the level of employment. Last week saw the publication of some of this Treasury evidence (The Relationship between Employment and Wages) so it seems worth investigating this issue a little more deeply.

It is important to recognise, first of all, that *real* earnings are not determined solely by wage bargaining. Wage negotiations generate *nominal* wages. The price level is then determined elsewhere and real earnings emerge, along with employment, as a consequence of the workings of the whole economy.

So in order to understand what is going on, we focus on three particular economic decisions: price-setting, wage-setting and employment determination. Prices are set as a mark-up on wages. This mark-up rises a little if demand increases and falls quite sharply if wage inflation goes up. The latter occurs because prices take some time to "catch up" when wages are accelerating. The fact that prices are determined in this fashion has profound implications since the mark-up of prices on wages is the reciprocal of the real wage.

Thus, viewed from one aspect, real wages are determined by the pricing policies of firms. But, from another aspect, they emerge from the wage bargain. Bargainers set wages as a mark-up on prices, the mark-up being higher if there is less unemployment or if what might be called the "wage push" factors are operating more strongly. These latter include union militancy, employers' National Insurance payments and the extent to which various managerial and professional groups simply pay themselves more. Looking at things this way, we see that pricing behaviour is vital in determining the real wage. For given levels of "wage push," there is a level of unemployment, the NAIRU (Non-Accelerating Inflation Rate of Unemployment), which makes wage bargainers settle for precisely that real wage consistently with pricing behaviour. If unemployment is lower than the NAIRU, real wages will be higher, which is only consistent with firms' pricing policy if inflation is increasing. Then we have a wage-price spiral, as wages are marked up on prices and prices on wages, with ever-rising inflation.

So, if inflation is to be stable, wem ust have unemployment at the NAIRU, and this corresponds to a particular level of employment. This is where demand and firms' employment decisions come into the story. At the given real wage, demand determines employment and so

Real earnings are not determined solely by wage bargaining

there is a given level of demand corresponding to the NAIRU. Unemployment may be reduced by raising demand but only at the expense of increasing inflation.

What is the upshot of all this for the relationship between employment and the real wage? In fact, almost anything can happen depending on the forces which lead to the employment and wage shifts. For example, if "wage push" is reduced without any demand increase, inflation will start falling, real wages will drop but the employment effects will be minimal. On the other hand, if "wage push" is reduced *and* demand is increased we can have greater employment with relatively stable inflation and a minimal reduction in take-home pay.

The Treasury model confirms this analysis. Looking at simulations reported in the Treasury paper alongside those produced by the ESRC Macro Modelling Bureau (Discussion Paper No. 3), we find the following. When "wage push" is reduced but demand is unchanged we have a 1 per cent fall in real wages associated with a negligible (0.06 per cent) employment increase and falling inflation. On the other hand, when a real demand increase is added to the "wage push" reduction, we have a 1 per cent fall in real wages and a 0.7 per cent rise in employment. Take-home pay, however, falls only by 0.1 per cent. Finally real demand increases alone generate a 1.2 per cent rise in employment along with a 1 per cent *rise* in real wages. Not surprisingly, inflation rises.

There are two important points that arise from these results. First, they confirm that there is no particular aggregate relationship between real wages and employment, contrary to the impression given by the Chancellor's remarks. Second and more importantly, they confirm the widely-held belief that increases in real demand, accompanied by a reduction in "wage push," can reduce unemployment without raising inflation. Unfortunately the Treasury paper is more or less silent on the key question: how do we obtain a reduction in "wage push"?

It is clear that for Mrs Thatcher the unions are the major source of the problem, with a little help from wages councils. In the light of this, it is interesting to see precisely where the pressure on wages has come from over the last few years. Since 1979, the real pay of manual workers has risen by 6 per cent and that of non-manual workers by 14 per cent. Since the mid-70s the pay of wages council workers has fallen by 8 per cent relative to average earnings. So, the further away we get from the union and wages council sectors, the greater the wage pressure appears to have been! At the very least, this suggests that bashing the unions and the wages councils will not yield quite such dividends as some people appear to think.

Perhaps trying to turn the British labour market into a second-rate version of the U.S. labour market is not the answer to the problems, particularly when Britain refuses to copy U.S. fiscal policy. The labour markets of Sweden and Austria, however, with their almost permanent incomes policies seem able to withstand the buffetings of macroeconomic shocks quite satisfactorily and would repay closer study. But it seems unlikely that much attention will be focused in this direction. What is more likely is that blame, exhortation and legislation will continue to be heaped on UK manual workers with little impact on Britain's parlous economic situation.

The author is Professor of Economics and Director of the Institute of Economics and Statistics, University of Oxford.

Letters to the Editor

Against pit closures

From Mr A. Glyn

Sir, — The response (February 1) of the Welsh area of the National Coal Board to my report on *The economic case against pit closures* is wholly unconvincing. Mr Proctor's suggestion that Welsh pits will be protected from closure because of the specialist coals they produce presupposes that the NCB will continue to supply these markets. But the whole point of the NCB's plans to close so-called uneconomic pits is that markets should be supplied only if costs of production are less than the price received. Many of the South Wales pits are among the biggest loss-makers in the country and would therefore inevitably face closure.

A constant total level of production does not guarantee that pits producing special coals would be kept open; on the contrary, production of power station coals from the Midlands and Yorkshire could be expanded (some for sale abroad), while mines are closed in South Wales and their markets taken by imports. Indeed, Mr Proctor's statement that "about" six Welsh pits would be closed over the next two years is quite consistent with the rate of closure which my report suggests is implied by the NCB's plans to close the biggest loss-makers — 20 Welsh pits closing over the next six years or so.

What Mr Proctor does not say is also highly revealing. Nowhere does he dispute the central point of my report, which is that in the present situation of mass unemployment there is not one pit in England, Scotland or Wales whose closure would actually benefit government revenue. This is because costs of closure (redundancy pay, dole payments, lost tax and costs allocated to the pits which would not in fact be saved) exceed the present level of subsidy. For example, Celynen South, with the biggest losses per tonne in South Wales, would cost the Government more to close (around £289 per miner per week) than the present level of subsidy to keep it open (£213 per miner per week). This means that not only is pit closure against the interests of the miners and other workers directly affected, but also that the rest of society (as taxpayers) suffers as well. In no sense then can these pits, which are unprofitable from the narrow point of view of the NCB, be labelled as "uneconomic" for the country as a whole. The NCB has not challenged this fundamental point which totally destroys the economic justification for its pits closure programme. Its continued silence on this matter would indicate that it has no answer.

Andrew Glyn.
Corpus Christi College, Oxford.

Ratecapping and funding

From the Chairman, Islington North Conservative Association

Sir,—David Plunkett, the Leader of Sheffield City Council's complaint that ratecapped authorities have to pay higher interest rates for their funding is nonsense.

Islington's Labour council, shortly (thank goodness) to be ratecapped, is generally regarded as a remarkable example of incompetent management of local services coupled with spendthrift wastefulness. Yet recently the borough signed a £25m loan which was substantially oversubscribed on terms which Euromoney identified as being particularly attractive for Islington.

In addition Mr Plunkett need only have asked his director of finance to discover that the Public Works Loan Board gives comfort to all who lend to local authorities regardless of their political colour or fiscal irresponsibility.

The deluge of misleading propanganda distributed by the ratecapped authorities at considerable cost to their already overburdened ratepayers is a matter of the greatest concern. Indeed there are many of us who live in places like Islington and Sheffield who wish that there was more discrimination against such boroughs to stop them continually increasing the level of debt which will one day have to be repaid by their (hopefully) more responsible successors.

Andrew Mitchell.
18A Furlong Road, N7.

Levy on blank tapes

From the Chairman, Tape Manufacturers Group.

Sir,—Your editorial (January 25) which outlined the case for a levy on blank tapes highlighted many of the complex issues involved. It was, however, based on assumptions about the extent of home taping which are in question. We believe that the record industry's estimate of 24m adults infringing copyright law is grossly overstated. This figure assumes that 70 per cent of tape recorder owners copy music and that all copying defies the law. Certainly home taping occurs but not with the frequency calculated from such assumptions nor with the determined abuse of copyright law claimed by some.

The research which linked home taping to 64m lost LP sales is also questionable, particularly as the British phonographic industry's sales actually increased last year. Home taping is not killing the music industry, rather it is stimulating demand.

The admitted inability of a levy to achieve perfect compensation for rights owners indicates that your support of the plan is premature. If some form of compensation to copyright owners is justified, then other methods should also be considered, for example adding a home taping fee directly to the cost of the record.

Outdated copyright laws need amending, however a private tax on blank tapes would not assure fair payment for protected material but would create a bureaucratic nightmare in the collection and disbursement of funds.

Clearly, the numerous problems of administering a levy, which were well outlined bring into question the fairness of a levy system.

The element of rough justice involved in the proposal levy is decidedly rough on consumers as blank tapes could double in price.

It would be rough indeed on the tape manufacturers crippling yet another UK hi-tech growth industry by taxing its product out of the market.

Christopher Hobbs,
c/o Aspect PR,
17 19 Foley Street W.1.

Zero rating on books

From the Chairman, J. Whitaker & Sons.

Sir, — Mr Michael Prowse (January 28) uses the concept of "fiscal neutrality" to aid his arguments for the extension of VAT. One of the dangers of this is that one may come to believe that a taxation system can exist in an intellectual vacuum chamber, divorced from the people and the trades providing the tax, and for whose benefit the tax is spent.

For instance, when Mr Prowse cavils about burial and cremation being less heavily taxed than other services, I think he has not accepted that while we may exercise discretion and, by not buying fish and chips for instance, avoid paying VAT, dying and the disposal of the dead are not discretionary acts. I think he indulges in casuistry when he argues that zero rating on books is "to subsidise Mills & Boon fiction or soft-core pornography." Surely to fail to tax a thing is not, therefore, to subsidise it?

When he writes that "The plea . . . that the extension of VAT would cause bankruptcy and hardship is not an argument against extension as such. . . ." I think he goes too far.

If it could be shown that an extension in a particular trade or industry was going to have those results, then I believe the Government would have a duty to show that its attack upon a section of the citizenry was for the good of a greater number. And it would have to show that very clearly indeed. To act otherwise would be to pursue an ideological end, regardless of consequence.

I am sure that Mr Prowse wished to be bold and challenging, but beneath the fashionable catch phrases I found only a plea for a mindless conformity.

David Whitaker.
12, Dyott Street, WC1

MORE LETTERS, PAGE 10

Innovative industry

From Mr M. Derwent.

Sir,—Nature kindly intervened in recent severe weather by pinpointing serious leakage from a plastic water main whose course underground was unknown. The leakage was causing a major fall in pressure but had never shown at the surface and had defied location by today's "low-tech" methods of probing and auscultation by stethoscope even with the addition of audio amplification at dead of night.

The leak was found less than a metre from a spot where it was noticed that fallen snow was more easily brushed away and where light snow failed to settle. The mains water was just a few degrees above surface temperature.

Failing such serendipity, the next ploy would have been long destructive trenching with the alternative of a new by-pass main from stop-valve to house.

Could not "high-tech" in the form of infra-red viewing be used to locate elusive leaks by showing up such hot-spots much as was done at Putney recently when detection of warmth in the wreckage of a collapsed building led to a dramatic rescue?

If ambient temperature differences sometimes proved inadequate, it would not seem unduly difficult to create the telltale hot-spot deliberately by stopping off the main and feeding warm water back from the house to the leak.

Mark Derwent,
70, London Road,
Liphook, Hampshire.

FINANCIAL TIMES
Wednesday February 6 1985

Lending blow to UK hopes of cut in rates

By Max Wilkinson in London

THE CONTINUED fast pace of bank lending in Britain in January, shown in official figures published yesterday, subdued hopes in London financial markets of an early cut in interest rates.

The Bank of England figures, showed that sterling M3, the broad measure of the money supply which includes bank deposits as well as cash, grew by ¾ per cent in January.

This puts sterling M3 at the top of its range of annual growth of between 6 and 10 per cent in the current target period.

Although a growth rate of 10 per cent might have been considered satisfactory at the end of last year, Mr Nigel Lawson, the Chancellor of the Exchequer, has since made it clear that he wants to hold the money supply closer to the middle of its target range.

He wants to do this mainly to restore confidence in his anti-inflation strategy and to prevent any further sharp fall of sterling on the foreign exchanges.

Sterling remained firm yesterday, despite the continued strength of the dollar, with the sterling index little changed at 71.4 (1975 = 100).

Nevertheless, the City of London remained anxious and money market interest rose slightly, with the three-month sterling interbank rate up by 1/16 of a percentage point at 13¾ per cent.

The main focus of attention was on the high bank lending figure which underlay the official estimate of monetary growth. It showed a rise of £2bn in lending to the private sector for January compared with an average of £1.4bn per month over the preceding 10 months.

In spite of suggestions that this lending figure might have been inflated by special factors, including the accelerated payment of value added tax on imports, it was still considered to be uncomfortably high in relation to the Government's tightened policy objectives.

However, Mo, which measures mainly cash in circulation, fell back by ¾ to 1 per cent in January bringing its growth in the present target period to an annualised rate of 5¾ per cent, near the middle of its 4 to 6 per cent target range.

This fall is thought to represent the continued unwinding of the distortion introduced by the British Telecom sale in November.

Lonely times for the Bank of England, Page 14; Lex, Page 16; Money markets, Page 35

Reagan attack heralds clash with Fed

Continued from Page 1

dependence on foreign borrowing and making the transition from a creditor to a debtor nation "raises enough alarm bells. Too many debts eventually get you into trouble," he said, adding that there were lots of examples showing how big debts could "expose you to serious consequences."

He warned again about the dangers of a "breakdown" of the capital inflows which are sustaining exceptionally high levels of public and private capital demand and expressed concern that a decision to "relate the economy" might cause such a breakdown.

He described the strength of the dollar as unfortunate and added that he did not think official intervention in the foreign exchange markets could make a significant impact.

As for the federal budget deficit, he warned that congressional failure to meet the $50bn target of deficit reduction measures could have an adverse impact on the financial markets, but that meeting the targets might reduce interest rates by about 1 percentage point from where they would otherwise be.

London agrees Gibraltar agenda with Madrid

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN GENEVA

BRITAIN and Spain yesterday put an end to the 16-year-old freeze in their relations over Gibraltar by agreeing on a detailed procedure for discussing their problems concerning the Rock, in what was described by both sides as a "very cordial atmosphere."

The agreement, which follows the opening of the border between Spain and Gibraltar on Monday night, effectively lifts the threat that Britain might veto the entry of Spain into the European Community, due to take place on January 1 1986.

The arrangements agreed on include an annual meeting of the foreign ministers of the two countries. But Sir Geoffrey Howe, the UK Foreign Secretary, and Sr Fernando Moran, his Spanish opposite number, who led their respective delegations, temporarily side-stepped the thorny issue of sovereignty over Gibraltar.

Instead of setting up a special committee on the subject, as the Spanish were reported to be seeking, the British position that discussions on sovereignty should not be institutionalised won the day.

Any future discussions about sovereignty would be "reserved" for ministers, Sir Geoffrey said at a press conference at the end of the meeting. This means that it is unlikely to be discussed in any detail until the next formal meeting between the two foreign ministers, which has been fixed for the end of the year in Madrid.

Sr Moran said he raised the question of sovereignty at private talks with Sir Geoffrey, outside the formal framework of the meeting.

The ideas he put forward during this exchange of views would be elaborated through diplomatic channels before being discussed by the two foreign ministers at their end-of-year meeting.

The Spanish Foreign Minister denied reports that he had put forward a detailed plan for the transfer of sovereignty over Gibraltar to Spain, covering a 50-year period. "We spoke of no period of time whatsoever," Sr Moran said.

Sir Geoffrey said at a press conference: "We agreed that any future discussion of sovereignty should be reserved to ministers."

During his private meeting with Sr Moran he had stressed in the strongest terms Britain's commitment to respect the wishes of the people of Gibraltar on the question of sovereignty.

'No compensation' warning to Ok Tedi mining companies

BY MICHAEL THOMPSON-NOEL IN SYDNEY

MINING COMPANIES involved in the Ok Tedi copper/gold mine in Papua New Guinea will receive no compensation if the Government goes ahead with its threat to close the mine.

Mr Michael Somare, Prime Minister of Papua New Guinea, said yesterday his Government was not bluffing with its threat to close the $1bn project in the remote Star Mountains, close to the Indonesian border.

Because of disgreements between the Government and the project's foreign shareholders, the Government says mining must stop by Sunday, with a full shutdown by February 28.

"Our position is clear," Mr Somare said. "There is a mining agreement in force, and we hope that those companies follow the law of the land. When I say that Papua New Guinea means business, I mean just that."

Mr Somare said he hoped a compromise would be worked out before the February 28 deadline, but that no compensation would be paid if talks failed.

Ok Tedi has cost 840m kina ($960m) to date, and yielded just two tonnes of gold.

The partners are Broken Hill Proprietary (BHP), Australia's largest company, with 30 per cent; Standard Oil of Indiana, 30 per cent; Metallgesellschaft and Degussa, 7.5 per cent each; the West German Development Company, 5 per cent; and the Papua New Guinea Government, 20 per cent.

The private shareholders are loath to proceed with stage two at Ok Tedi, in which gold and copper will be mined simultaneously, while metal prices are so low. Mr Somare's Government is insisting they proceed with the agreed plan.

"We want to see the project go ahead along the general lines specified in the original contract," he said. "That is, a copper and gold mine, with a proper waste control system, a hydroelectric scheme and a suitable seaport. But the company (Ok Tedi Mining) wants to significantly scale down its commitment to the whole operation – really only operating a gold mine."

The Government says it has offered Ok Tedi Mining a two-year breathing space on the construction of copper facilities, and offered to meet the first two years' costs of the hydro scheme.

"At every point we have endeavoured to see the company's point of view and make allowances for changing economic conditions, unforeseen problems and so on," Mr Somare said.

BHP said in Melbourne yesterday that talks were continuing but declined to comment further.

Mr Somare said he would not nationalise Ok Tedi. "We are a free enterprise country, and liberal in our approach to private investment." He described the present impasse as a "chess game."

● Bank of America subsidiary BA Australia expects a settlement of the dispute over development of the Ok Tedi mining project, said BA Australia vice-president Terry Francis, Reuter reports from Sydney. BA Australia is lead funding manager of the mine.

Mr Francis said lending to the private partners in Ok Tedi Mining totalled about $745m. Of this amount BA Australia was committed to about $200m, much of which had not been drawn, he said.

Resources review, Page 9

Mexico cuts oil prices

Continued from Page 1

more than 14m b/d, and that destocking had been running at about 5m b/d. These figures had helped to boost oil spot prices. Yesterday, however, the IEA figures showed that destocking in the Western world in the final quarter was no more than 700,000 b/d.

Opec ministers had claimed that oil stocks were at unprecedentedly low levels. The IEA report insists that as of January 1 1985, "total stocks on land in OECD countries were almost the same as the level one year ago at 428m tons."

Nigeria yesterday announced that it was increasing the price of its Bonny Light crude by 65c to $28.65 a barrel, in line with the Opec plan to bring it back into line with the Opec pricing structure.

The manner in which the price rise hase been achieved, however, will not comfort the oil markets. Nigeria has managed the increase by offering the $28.65 Bonny Light in new packages which offer discount on other Nigerian crudes.

The British National Oil Corporation (BNOC) is still likely to be asked by the Government to offer $28.65 to its suppliers for January, even though this would lead to heavy losses for BNOC. But the Government is acutely conscious that if it offers a lower price, as BNOC would wish, then Nigeria would cut, and the fragile peace in the world official oil price war would be over.

UK stock market head seeks accord on reform

BY JOHN MOORE IN LONDON

SIR Nicholas Goodison, chairman of the London Stock Exchange, is attempting to head off possible opposition to major constitutional changes in its membership requirements.

He is seeking to ensure that proposals being prepared by a six-man constitutional committee will be in a form acceptable to the 52 members of the stock exchange ruling council.

Sir Nicholas's attempt to break the deadlock in the stock exchange council over the changes has meant that the constitutional committee's proposals were not submitted at the council meeting yesterday.

The council has already sent the proposals back for extensive redrafting and Sir Nicholas himself has raised objections about some of the amended points of detail put forward by the committee.

The constitutional committee is led by Mr George Nissen, senior partner of stockbrokers Pember and Boyle.

The committee has been meeting daily since the stock exchange sent the proposals back two weeks ago in an effort to formulate a compromise solution.

They are working on a formula to create a market in the shares of the stock exchange itself which would give the 4,500 members, who each hold one share, a measure of the value of their involvement. At the same time the exchange is attempting to ensure that any cost of entry for outsiders to the stock exchange is not set at such a high level that it deters their participation.

So far earlier proposals have been regarded as too complex and would be difficult to explain to the members

Tokyo will hold rates in spite of yen slide

Continued from Page 1

U.S. economy, not simply high U.S. interest rates, was propelling the dollar. Japan should vigorously expand its own economy to keep pace, implying lower domestic rates.

The prevailing official view is that interest rate differentials remain the prime cause – and effect – of the yen's weakness against the dollar. The Japanese currency, which went as high as Y220 earlier last year, has fared better against the dollar than had other leading currencies and, so far, it has continued strong against European countries.

The most obvious manifestation has been the net outflow of long-term capital from Japan, almost all of it attracted to the U.S. by higher interest rates. The outflow amounted to an unprecedented $49.83bn last year, and in December a monthly record of $8.40bn.

Central bank officials feel this has tended to more than offset what would otherwise be, for the yen, the bullish consequences of Japan's current account surplus – which was a record $35.02bn last year.

In their view the yen might not appreciate against the dollar until the capital outflow is seen to be moderating.

Jonathan Carr in Davos, Switzerland, adds: The share of the yen in world monetary reserves could rise from the current level of 4 per cent to about 10 per cent "in the near future," according to Mr Minoru Inoye deputy president of the Bank of Tokyo.

As a result the yen would be able to share at least a part of the dollar's burden as an international currency, Mr Inoye said. This would come about with the formation of treasury bill and banker's acceptance markets in Tokyo and with increased holdings of Euroyen assets by non-residents.

Mr Inoye told top executives and political leaders at the Davos International Symposium that worldwide use of the yen would have increased in any case as Japan's economy and trade expanded.

The process was being accelerated by the liberalisation of Tokyo's financial markets, which was expected to make further progress this year.

He felt, however, that the prospects were bright because "our economic base is solid and we are located in the Pacific region, which is now achieving the most dynamic growth in the world."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	-	—	—	Dubrovnik	S	8	46	Malaga	S	17	63	Salzburg	S	7	45
Akrotiri	S	9	48	Faro	C	16	61	Malta	F	15	59	Seoul	S	10	50
Algiers	S	19	66	Florence	C	11	52	Manila	-	—	—	Singapore	F	31	88
Amsterdam	S	6	43	Frankfurt	S	4	39	Miami	S	21	70	Stockholm	Sn	-5	23
Athens	S	9	48	Funchal	C	18	64	Milan	C	2	36	Strasbourg	-	—	—
Bahrain	S	21	70	Geneva	S	4	39	Moscow	F	-13	9	Sydney	S	29	84
Bangkok	-	—	—	Gibraltar	F	15	59	Munich	S	6	43	Taipei	-	—	—
Barcelona	S	13	55	Guernsey	S	11	52	Nairobi	F	27	81	Tangier	F	16	61
Beirut	-	—	—	Helsinki	S	-14	7	Naples	F	10	50	Tehran	-	—	—
Belgrade	C	2	36	H. Kong	R	20	68	New Delhi	S	18	64	Tel Aviv	C	13	55
Berlin	R	4	39	Innsbruck	S	9	48	New York	F	-5	23	Tenerife	C	19	66
Biarritz	-	—	—	Inverness	S	5	41	Nice	-	—	—	Tokyo	R	5	41
Blackpool	S	8	46	Istanbul	S	2	36	Oporto	F	16	61	Toronto	Sn	-12	10
Bordeaux	-	—	—	Jersey	S	11	52	Oslo	C	-3	27	Tunis	S	18	64
Brussels	C	6	43	Jo'burg	-	—	—	Paris	S	7	45	Valencia	S	18	64
Budapest	C	0	32	Las Palmas	F	20	68	Prague	C	5	41	Venice	S	5	41
B. Aires	-	—	—	Lima	-	—	—	Reykjavik	C	2	36	Vienna	C	3	37
Cairo	C	14	57	Lisbon	F	16	61	Rio de J'o	-	—	—	Warsaw	C	-4	25
Cape Town	S	25	77	Locarno	S	4	39	Rome	C	12	54	Zurich	F	4	39
Caracas	-	—	—	London	S	7	45								
Casablanca	C	18	64	Los Angeles	S	6	43								
Copenhagen	D	0	32	Luxembourg	S	4	39								
Corfu	S	12	54	Madrid	F	13	55								
Dublin	F	8	46	Majorca	F	15	59								

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Britain's Tootal rejects Australian £124m bid

By Charles Batchelor in London

TOOTAL, one of Britain's four biggest textile companies, yesterday rejected a £124m ($138m) takeover bid from Entrad Investments, the biggest textile and clothing group in Australia.

Entrad has been buying Tootal shares for several months, though since early January it has been selling small blocks and currently holds a 5.78 per cent stake.

Mr Alan Wagstaff, Tootal chairman and the man credited with turning the company round after the textile industry recession, said the two companies had held "amicable but inconclusive" talks since December.

Last Wednesday Entrad attempted to get Tootal to agree to the £124m bid – worth 70p in cash for each Tootal share – but Tootal rejected this as inadequate. Entrad launched its public offer yesterday, saying "Tootal shareholders should have the opportunity of judging for themselves."

Entrad is listed on the Sydney Stock Exchange where it is currently valued at A$125m (U.S.$89m), though 90 per cent of its shares are in the hands of six Australian businessmen.

Tootal's shares rose 15p to a 1984-85 high of 78p as the London market speculated that a counter-bid might emerge, Vantona Viyella, another leading UK textile group, denied it was interested in stepping in.

Entrad has annual turnover of A$380m following two large takeovers. In June 1984 it merged with Bradmill Industries – a company in which Tootal previously held a 49.9 per cent stake – and a month later took over Courtaulds-Hilton, the Australian hosiery and textile business of Britain's Courtaulds Group.

Entrad said the acquisition of Tootal would improve its own geographic and product balance while bringing to Tootal Entrad's marketing expertise and strong base in the Pacific region.

Tootal made a pre-tax profit of £17.2m on turnover of £387m in the year ended January 31 1984 from its sewing threads, textiles and clothing operations.

Entrad is being advised by S. G. Warburg while Morgan Grenfell is advising Tootal. This marks an interesting reversal of the role of the two merchant banks. Morgan is more often involved in devising bid tactics while Warburg is more used to defending takeovers.

This bid also involves Citicorp International Bank for the first time in a public UK takeover. Citicorp is joint adviser to Entrad with Warburg.

See Lex; Details, Page 24

U.S. cancels Anzus naval exercises

By Reginald Dale, U.S. Editor, in Washington

THE U.S. yesterday expressed "grave concern" over New Zealand's denial of port facilities to a U.S. warship and confirmed that it had cancelled next month's joint "Sea Eagle" Anzus naval exercises as a result.

In a hint of further reprisals, the White House said that it was also considering "other actions" and would review "the implications for our overall co-operation with New Zealand" under the 1951 Anzus mutual defence treaty between the U.S., Australia and New Zealand.

The White House said that it deplored New Zealand's rejection of a port visit by the conventional powered U.S. destroyer Buchanan, after Washington declined to guarantee that it was not carrying nuclear weapons. It is strict U.S. policy never to confirm or deny the presence of nuclear weapons on its ships.

U.S. officials said that the Australian Government had supported the cancellation of the three-country Anzus exercise and that new naval manoeuvres involving only the U.S. and Australia were likely to be arranged instead.

The issue is now expected to dominate this week's visit to Washington by Mr Bob Hawke, the Australian Prime Minister, who is due to confer with President Ronald Reagan at the White House tomorrow.

Mr Larry Speakes, the White House spokesman, said: "We deeply regret the decision to deny port access to a U.S. navy ship contributing to the common defence of the Anzus alliance. This is a matter of grave concern that goes to the core of our mutual obligations as allies."

New Zealand upsets its allies, Page 3; Editorial comment, Page 14

THE LEX COLUMN

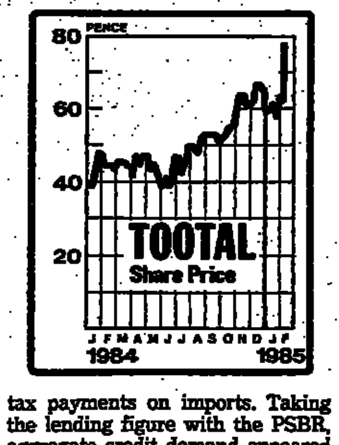
Dividend thaw at Siemens

While GEC has been blasting away at its cash mountain and carting bits off to shareholders, Siemens has been reluctant even to reach for the hammer. But the announcement from Munich yesterday that dividend policy will be more closely related to profits does suggest that the chipping has at last begun on an Alpine peak of some DM 19bn in liquid balances.

The provision of generating equipment tends to build up cash, but Siemens does seem to have allowed its banking activities to get out of hand: in its last published accounts (1982-83), investment income was around half of pre-tax profits just as half of the group's gross assets were financial.

Yesterday's statement will reassure foreign investors that the dividend, belatedly raised from DM 8 to DM 10 per share last year, will not remain at that level for another 12 years; and that Siemens might one day desist from its curious practice of regulary making deeply discounted rights issues. In fact, given yesterday's excellent results for the first quarter of 1984-85, Siemens could probably increase the dividend by DM 2 per share while retaining cover at last year's 5.5 or so (on a probable adjusted basis); but that might be construed in Munich as a little hasty.

Meanwhile, the cash mountain will start shrinking quite fast this year because the group plans to reverse its declining real investment of late in spectacular fashion: Siemens will spend up to DM 4bn this year on the capital account.



UK money supply

Yesterday's performance by the gilt-edged market should have earned it the Bank of England's distinguished service award. An apparently unprovoked rally in the morning played straight into the hand of the Government Broker, who took the opportunity to sell perhaps £300m of stock, and a set of money supply figures which offered little hope of an imminent fall in base rates was greeted in the afternoon with encouraging equanimity.

The figures were admittedly not as bad as some had feared. Net debt sales were surprisingly high in banking January at £1bn, while sterling lending was inflated by both round-tripping and the incidence of two special value added tax payments on imports. Taking the lending figure with the PSBR, aggregate credit demand appeared well short of the disastrous.

Yet the Government is obviously right to be concerned about the general looseness of monetary conditions. Targeted or not, PSL2 is showing uncomfortably fast growth over any chosen period, while sterling M3 – it can now be revealed – has grown at an annualised rate of 12 per cent in the three-month period of Telecom distortions.

Money market rates for maturities beyond a week are still pointing to lower base rates, although it is difficult to see what justification there can be for a move. Domestic considerations aside, the dollar's continuing strength – most recently against the D-Mark – must recommend a policy of caution first.

Entrad / Tootal

It probably says more about the London equity market than about Tootal that yesterday's £124m bid from Entrad was treated as no more than the starting point for an auction. For the shares to close 8p above Entrad's 70p cash offer suggests expectaitons of a rescue from some friendly party – or at least the intervention of a Mr Carl Icahn.

Tootal's share price has already been living off bid speculation for quite some while, much of it inspired by the presence of Entrad, an Australian textile company which had started off by buying out Tootal's investment in Bradmill last year for A$32m, and then came back looking for a position in Tootal itself.

It is a peculiar feature of the present offer that Entrad is thus seeking to buy back its own cash, but since the Australian dollar has risen substantially against sterling since, even that part of the offer makes an upside-down sort of sense.

Without Entrad, which has done an effective job of misdirection by selling several lines of Tootal shares in recent weeks, it is hard to see that Tootal should command any premium to the rest of the textile sector – where the leaders are trading on multiples of around seven times estimated 1984 earnings.

In the circumstances, Tootal may well be able to bring out something in the region of £35m pre-tax, indicating perhaps 8p of earnings. On that basis the bid is scarcely stingy.

Tootal's immediate response, that the offer is "materially inadequate" certainly has a rather threadbare look to it. The issue is admitted to be one of price. Looking further forward, into a likely dip in the textile cycle, Tootal's best defence may be a cynical view that its rationalisations have come so late that it will still be recovering as the earnings of its competitors flatten out.

Unitech

The market's negative reaction to yesterday's interim results from Unitech was another sign of its persistent unease about the current state of the electronic components industry.

The 32 per cent increase in pre-tax profits to £7m was somewhat short of expectations, but the real reason behind the 25p fall in the shares to 265p was some cautious remarks about the second half to June.

Not that the City is unaware of the maturity of the component demand cycle – it merely hates to be reminded about it quite so bluntly. It was significant that Unitech highlighted good performances in France, Italy and West Germany – countries at a less advanced stage in the cycle than the UK.

Unitech makes a virtue of its manufacturing side when growth in distribution looks like slowing – but this time some successes, notably in the U.S., were offset by annoying losses in two new ventures.

On full-year profits of £16m and a 38 per cent tax charge, the shares trade on a 12½ multiple – a justifiable discount to distributors like Farnell and Electrocomponents with a wider customer base and better margins.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday February 6 1985

Tenneco earnings slip 12% but share sales boost Mesa

BY TERRY DODSWORTH IN NEW YORK

TENNECO, the Houston-based energy and manufacturing conglomerate, suffered a 12 per cent fall in net profits last year, primarily as a result of depressed market conditions – in the oil refining and agricultural and construction equipment industries.

Earnings for the year amounted to $631m or $4.01 a share, against $716m of $4.75, while sales rose by 3.5 per cent from $14.4bn to $14.9bn.

In the fourth quarter the group took a pre-tax charge of $95m against current and planned closings in its hard-hit petro-chemicals division. Net income for the quarter amounted to $130m, or 80 cents a share, compared with $241m, or $1.63. Sales were unchanged at $3.8bn.

Mr James Ketelsen, chairman, who earlier this year launched Tenneco's successful bid for International Harvester's farm equipment division, defended the group's diversification strategy, saying that it gave Tenneco overall financial stability.

In the energy sector he said that Tenneco had achieved higher sales volumes of natural gas and crude oil during the year and for the seventh consecutive year had successfully replaced resources used up by production.

The pipeline division had also increased sales but depressed markets for refined products had led to lower profits in the oil processing and marketing division.

Non-energy activities – shipbuilding, car parts – and packaging all achieved record operating profits in 1984.

● *Mesa Petroleum, the oil company controlled by Mr T. Boone Pickens, the Texas investor, more than doubled net earnings last year from $125.9m, or $1.72 a share, to $270.2m, or $3.75.*

Although revenues rose from $391m to $413m, profits from energy activities fell by about $10m on the year to $56m. All of the gain in net income came from sales of securities, up from $59m in 1983, to $214m.

In the fourth quarter, net profits amounted to $13.7m or 18 cents a share, compared with $19.98m or 26 cents a share

Kvaerner ahead after selling ship stakes

BY FAY GJESTER IN OSLO

KVAERNER, the Norwegian shipbuilding, heavy engineering and offshore fabricating group reported pre-tax profits of NKr 410m ($44.3m) last year, compared with NKr 356m in 1983.

The 1984 figure includes a profit of NKr 50m on the sale of stakes in ships partly owned by the group as well as net extraordinary income of NKr 60m. Group sales rose to NKr 5.1m from NKr 4.8m and orders booked during the year were worth NKr 5m compared with NKr 3.3m.

The board will propose an unchanged 15 per cent dividend, plus a 10 per cent scrip issue.

Extraordinary income from the ship sales and share trading boosted 1984 pre-tax profits of Sig Bergesen's shipping group to NKr 230m compared with NKr 163m in 1983.

Profits before extraordinary items were NKr 28m lower than a year earlier at NKr 120m, mainly as a result of the inclusion of about NKr 100m worth of unrealised losses on currency fluctuations.

Gross freight earnings climbed to NKr 1.7bn last year from NKr 1.58bn in 1983.

Dyno Industrier, the chemicals, plastics and explosives group, increased profits before extraordinary items, to NKr 180m in 1984, from NKr 102m in 1983.

BASE LENDING RATES

Bank	Rate	Bank	Rate
A.B.N. Bank	14 %	■ Hill Samuel	§14 %
Allied Irish Bank	14 %	C. Hoare & Co.	†14 %
Henry Ansbacher	14 %	Hong Kong & Shanghai	14 %
Amro Bank	14 %	Johnson Matthey Bkrs.	14 %
Armco Trust Ltd.	14½ %	Knowsley & Co. Ltd.	14½ %
Associates Cap. Corp.	14 %	Lloyds Bank	14 %
Banco de Bilbao	14 %	Edward Manson & Co.	15 %
Bank Hapoalim	14 %	Meghraj & Sons Ltd.	14 %
BCCI	14 %	Midland Bank	14 %
Bank of Ireland	14 %	■ Morgan Grenfell	14 %
Bank of Cyprus	14 %	Mount Credit Corp. Ltd	14 %
Bank of India	14 %	National Bk. of Kuwait	14 %
Bank of Scotland	14 %	National Girobank	14 %
Banque Belge Ltd.	14 %	National Westminster	14 %
Barclays Bank	14 %	Norwich Gen. Tst.	14 %
Beneficial Trust Ltd.	15 %	People's Tst & Sv. Ltd	15 %
Brit. Bank of Mid. East	14 %	Provincial Trust Ltd.	15 %
■ Brown Shipley	14 %	R. Raphael & Sons	14 %
CL Bank Nederland	14 %	P. S. Refson	14 %
Canada Perm'nt Trust	14 %	Roxburghe Guarantee	14½ %
Cayzer Ltd.	14 %	Royal Bank of Scotland	14 %
Cedar Holdings	13 %	Royal Trust Co. Canada	14 %
■ Charterhouse Japhet	14 %	■ J. Henry Schroder Wagg	14 %
Choulartons**		Standard Chartered	‖14 %
Citibank NA	14 %	Trade Dev. Bank	14
Citibank Savings	12¾ %	TCB	14 %
Clydesdale Bank	14 %	Trustee Savings Bank	14 %
C. E. Coates & Co. Ltd.	14½ %	United Bank of Kuwait	14 %
Comm. Bk. N. East	14 %	United Mizrahi Bank	14 %
Consolidated Credits	14 %	Westpac Banking Corp	14 %
Co-operative Bank	*14 %	Whiteaway Laidlaw	14½ %
The Cyprus Popular Bk.	14 %	Williams & Glyn's	14 %
Dunbar & Co. Ltd.	14 %	Wintrust Secs. Ltd.	14 %
Duncan Lawrie	14 %	Yorkshire Bank	14 %
E. T. Trust	14½ %		
Exeter Trust Ltd.	14½ %		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	14½ %		
■ Robert Fleming & Co.	14 %		
Robert Fraser & Ptns.	14½ %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		
Heritable & Gen. Trust	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%. 1 month 11.75%. Fixed rate 12 months £2,500 11.75% £10,000 12 months 12.00%
† 7-day deposits on sums of under £10,000 11%, £10,000 up to £50,000 12%, £50,000 and over 12½%.
‡ Call deposits £1,000 and over 11%.
‖ 21-day deposits over £1,000 12½%.
¶ Mortgage base rate.
§ Demand deposits 11%.
** See Provincial Trust Ltd.

Electrolux in German white goods acquisition

By David Brown in Stockholm

ELECTROLUX, Europe's leading manufacturer of household appliances, has reached a preliminary agreement to acquire Zanker, the West German white goods producer with annual sales of DM 126m ($39.4m) for what is understood to be a nominal sum.

Electrolux says the acquisition represents a strategically important advance in the German market – where Zanker controls up to 5 per cent of washing machine sales.

Pointing to overcapacity in the European market, Electrolux said it will undertake further rationalisation at Zanker but will develop the washing machines production facilities at Tubingen. It will also retain the development and marketing units.

Zanker also has sales in the Netherlands, Belgium, Switzerland and Scandinavia. The company has a technical co-operation pact and has discussed a merger with Zanussi, the Italian appliances group which Electrolux acquired late last year.

Zanker, a former AEG subsidiary, has 600 employees. It has been managed by the Baden-Württemberg Government pending its sale since the restructuring of the German group in 1982.

The company has a 50 per cent stake in Forbach, an electrical water heater manufacturer whose products will now be included in the Electrolux range.

● Electrolux reported yesterday that the Swedish Government has approved its application for an exemption to the general freeze on higher dividends. The dividend will be lifted by SKr 2 to SKr 13 ($1.42) a share on 1984 profits. This is understood to be the first such exemption granted by the Government, which imposed the freeze as part of its anti-inflation policy.

WEST GERMAN ELECTRICAL GROUP'S PROFITS JUMP 23% IN QUARTER

Siemens steps up investment to DM 9bn

BY JOHN DAVIES IN MUNICH

SIEMENS, the West German electrical and computer group, is gearing up to meet the challenge of rapid technological changes in its markets by sharply increasing its spending on investment, research and training.

Dr Karlheinz Kaske, chief executive, said about DM 9bn ($2.8bn) would be spent on development for the future this financial year, about 30 per cent more than the previous year.

Investment is shooting up by more than DM 1bn to between DM 3.5bn and DM 4bn, nearly double the average outlay of the last five years. Research spending will rise 18 per cent to DM 4.5bn, while personnel training is up about 16 per cent to DM 700m.

Dr Kaske said the investment tempo was quickening in virtually all branches of business, but especially in microelectronics – where it is working with Philips to develop 1-megabit and 4-megabit "superchips" – as well as in production automation, office equipment and communications.

Siemens also announced:

● Group net profit rose 23 per cent to DM 242m in the three months to December 31, the first quarter of its financial year;

● Worldwide sales revenue was up 4 per cent at DM 10bn in the first quarter, but for the whole financial year sales are expected to rise to well over DM 50bn;

● Sales in the U.S., which have been steadily growing in importance, will exceed DM 5bn this financial year;

● The dividend, which was increased to DM 10 a share after being unchanged at DM 8 for 12 years, will be closely linked to profit movements in future.

	Sales DM	Net profit DM
1980	31.9bn	633m
1981	34.6bn	509m
1982	40.1bn	738m
1983	39.5bn	802m
1984	45.8bn	1.07bn

Dr Kaske said that Siemens, which boosted group pre-tax profit by nearly a third to DM 1.066bn last financial year, had lifted its yield on sales (which amounted to DM 45.8bn) to 2.3 per cent from 2 per cent the previous year.

This was, however, only a return to the kind of yield earned in the 1970s, and Siemens still looked "enviously" at the earnings of many of its foreign competitors.

Sales revenue this year, he said, would be inflated by the final accounts for three nuclear power stations, but excluding that, Siemens expected a hefty 10 per cent rise in other business.

Dr Kaske said that the strong U.S. dollar gave Siemens an extra competitive edge in world markets, but its effect should not be overestimated, particularly as Siemens earned only 30 per cent of its U.S. revenue from imports from West Germany.

Orders from U.S. customers rose 30 per cent in dollar terms (40 per cent in D-Mark terms) last financial year and U.S. business is making up about 10 per cent of all Siemens' work.

Company executives have indicated that the group wants to become more active in the U.S., where it recently made an unsuccessful offer for Allen-Bradley

Lex, Page 16

How novices get burnt in the chip market

BY GUY DE JONQUIERES IN LONDON

MOST COMPANIES which have bought into semiconductor manufacturing with no previous experience of the industry have been disappointed by the results, says a report by a leading U.S. firm of microelectronics consultants.

The report, by Integrated Circuit Engineering (ICE), of Scottsdale, Arizona, finds that of 16 semiconductor companies which have been taken over in the past 10 years, only five have performed to the expectations of their parent companies.

Overall, it judges as only "fair" the success of the 16 acquisitions in meeting the goals set by the parents. The goals include establishing a presence overseas, notably in the U.S., obtaining technological know-how, improving corporate image, securing component supplies and financial gain.

The objective that has consistently proven elusive is . . . financial gain," it says. "One factor that has proven to be very helpful . . . is semiconductor production experience of the buying corporation.

"Large influxes of cash offer no assurance of success. Moreover, shuffling of management personnel by the parent company has usually proven disastrous."

It believes that of all the acquisitions, Thorn EMI's purchase of the UK Government-backed Inmos last year was the best financial bargain. ICE values Inmos at $250m at the time of acquisition, compared with the $165m paid by Thorn EMI.

The most successful acquisition has been Signetics of the U.S., purchased for $160m by Philips, the large Dutch electrical and electronics group, in 1975.

Acquired company	Parent company	Year	Estimated or actual price paid ($m)	ICE-estimated value at time ($m)	Relative success*
Signetics	Philips	1975	160	180	9
Zilog	Exxon	1975	60	20	2
Mos Technology	Commodore	1976	2	10	8
Frontier	Commodore	1977	2	10	8
Interdesign	Ferranti	1977	3.5	5	6
Electronic Arrays	NEC	1978	9	15	8
Synertek	Honeywell	1978	28	25	1
Nitron	Nanon	1978	n/a	10	1
Fairchild	Schlumberg.	1979	363	200	2
Mostek	UTC	1979	348	200	5
Maruman	Toshiba	1979	10	10	8
EMM/Semi	GTE	1979	20	18	6
Intersil	GE	1981	225	125	4
AMI	Gould	1981	218	200	5
SSS	Penn Central	1984	29	50	n/a
Inmos**	Thorn EMI	1984	165	250	n/a

1975-1984 AVERAGE ACQUISITION RATING 4.7. * 1-3 Poor: 4-7 Fair: 8-10 Good. ** 100% Values based on 76% purchase by Thorn
Source: Integrated Circuit Engineering

ICE also rates highly the purchases of MOS Technology and Frontier by Commodore, the U.S. personal computer maker, and acquisitions of small U.S. microchip companies by two large Japanese semiconductor makers. These are the purchases of Electronic Arrays by NEC and of Maruman by Toshiba.

However, three other companies have each paid at least $100m more for American semiconductor operations than these were worth, according to ICE's estimates.

The three are Schlumberger, the oil services group, which bought Fairchild in 1979, United Technologies of the U.S., which bought Mostek in the same year, and General Electric of the U.S., which bought Intersil in 1981.

According to ICE, a major cause of problems in semiconductor companies after they were acquired was their failure to adapt to abrupt changes in product markets. Many were hurt by a drop in demand for ROMs (Read Only Memories) used in videogames.

Signal lifts earnings by 176%

By Our Financial Staff

SIGNAL, the U.S. engineering and aerospace group, lifted net profit more than 176 per cent to $285m, or $2.50 a share, from $103m, or 90 cents, in 1984.

The group said it expected improved results for the current year if the world economy continued to improve.

The outturn for 1984 was helped by a $14m advance in fourth-quarter earnings to $68m, or from 47 cents to 60 cents a share

Sales for the 12 months slipped to $5.92bn from $5.98bn, but were up at $1.55bn in the latest quarter from $1.5bn.

The gains in aerospace and electronics businesses last year were offset partly by softness in engineering, construction and processes businesses, which is expected to persist through 1985.

The company expects continued improvement in aerospace and electronics, however, and opportunites in China might aid results.

Textron earnings up 30% for full year

BY PAUL TAYLOR IN NEW YORK

TEXTRON, the U.S. conglomerate, yesterday reported sharply higher fourth-quarter and full-year net earnings, mainly attributable to sales gains by the group's automotive and construction-related businesses together with strengthening demand for some of its machine-tool products.

The group, based at Providence, Rhode Island, and which late last year fended off an unwelcome $1.6bn bid from Chicago Pacific and is now itself in the process of acquiring the Avco group for $1.38bn, said its fourth quarter earnings increased by 50.6 per cent to $34.5m or 95 cents a share, from $22.9m, or 62 cents, a year earlier. Sales in the latest quarter increased to $887.5m from $820.3m a year ago.

The fourth-quarter earnings improvement, which included a $9m, or 19 cents a share, pre-tax gain from the sale of Ionics, helped lift full-year net earnings by 30 per cent to $113.5m, or $3.11 on sales of $3.22bn from $88.7m, or $2.40, on sales of $2.98bn in 1983.

Among the group's major business segments, the industrial products group increased sales by 22 per cent and earnings more than doubled last year. The substantial gains were due in large part to the recovery of Textron's heavy truck and automotive markets, combined with reduced operating costs.

The machine tool and precision bearing group returned to profitability last year on a 22 per cent gain in sales, with productivity gains and the general upturn in manufacturing contributing "to the substantial profit turnaround."

The engineered fasteners division posted a 72 per cent increase in earnings on a 23 per cent sales gain. In contrast the aerospace and electronics group posted flat sales and lower income, reflecting the continued worldwide weak demand for helicopters which offset gains in defence-related aerospace equipment.

Mr B. F. Dolan, president and chief executive, commenting on Textrons's outlook, said: "The acquisition of Avco will have a major positive impact on our future results. Two of Textron's key objectives for 1985 will be to sharply reduce the debt incurred to finance the Avco acquisition and to implement the combination of the two companies. We foresee an opportunity to significantly increase shareholder value over time."

INTL. COMPANIES & FINANCE

Record year for American Cyanamid

By Our Financial Staff

AMERICAN CYANAMID, the diversified U.S. group, has notched up record earnings for 1984 despite a disappointing fourth quarter.

Net earnings for the year totalled $215.9m, or $4.41 a share, a gain of 29.7 per cent on 1983's $166.4m, or $3.41.

The final three months produced profits of $50.8m, or $1.04 a share, down 8 per cent on the previous year's corresponding $55.2m, or $1.13.

Full-year revenues climbed 8.3 per cent, from $3.54bn to $3.86bn, but final-quarter returns improved by only 5.7 per cent to $976m from $923.3m.

The group gave no indication yesterday of why profits for the final quarter slipped, but it revealed that its medical sector achieved record operating earnings of $155.8m for the year, up about 8 per cent on sales 9 per cent higher at $1.06bn.

The agricultural products activitises had a strong year, operating profits rising from $33.9m to $88.5m on sales up 20 per cent at $839m, while earnings of the Formica brand products unit rose from $14.9m to $34.7m.

Operating earnings in chemicals fell from $72.1m to $46.1m on sales up 3 per cent at just over $1bn.

Worldwide sales of Formica products increased about 10 per cent to $373m.

Carlo de Benedetti expands from hi-tech to pasta

BY ALAN FRIEDMAN IN MILAN

CARLO DE BENEDETTI's ambition is as legendary as his dynamism. And so the news of his latest coup, the purchase of majority control of the IBP-Perugina pasta and chocolates group, is surprising only because of the drama and flair with which the deal was executed.

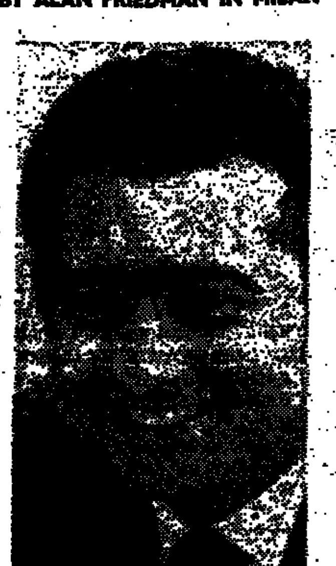
Never mind that the loss-making Buitoni group (1984 sales totalled $600m) had been on the verge of selling out to BSN, the French foods group. At the eleventh hour, late last week, a de Benedetti emissary swooped down on the controlling Buitoni family with the offer. Within 24 hours a private jet had taken the Buitonis up from their Perugia home to the de Benedetti headquarters in Ivrea, in Piedmont, and the deal was signed.

But what is Sig de Benedetti up to, buying an international pasta and quality chocolates company for a price said to be between L40bn ($20.2m) and L50bn? The answer, according to de Benedetti watchers, is threefold.

First, the acquisition of 62.3 per cent of IBP-Perugina makes financial sense for a man who is above everything else a financier. IBP in 1983 incurred a L17.4bn loss on turnover of L963bn, more than half of which arose outside of Italy.

The company employs some 7,000 people and is crippled by L258bn of debt. Its U.S. and Italian food subsidiaries (there are factories in France, Britain, Brazil and the U.S.) are in loss.

Had it not been for debt servicing, however, IBP in 1983 could have made a net profit little short of its L27bn operating profit. Sig de Benedetti intends to inject fresh capital and reduce debt, most probably through the issue of equity on the Milan bourse.



Sig Carlo de Benedetti: desire to expand

As chairman of Olivetti, the de Benedetti name has more than a little magic in Italian financial circles. When the Milan bourse opened on Monday, the share price of IBP-Perugina shot up from its L2,900 close on Friday to L4,655.

The share price of CIR, Sig de Benedetti's holding company and the vehicle used to buy Buitoni, also rose. This is significant because the second reason for Sig de Benedetti's takeover was his desire to expand the financial and industrial empire controlled through CIR.

Sig de Benedetti appears intent on building CIR into a major company with interests across the board of Italian industry. He let slip recently that he would like CIR to be as big as Olivetti itself within five years—and that is ambition personified.

CIR owns 15 per cent of Olivetti, 4 per cent of Pirelli, 10 per cent of the GIM metallurgy group, 30 per cent of the Euromobiliare merchant bank, 11 per cent of the Espresso newspaper publishing group, and 15 per cent of the Italmobiliare engineering, steel, property and financial group. It employs 3,000 workers in manufacturing activities.

CIR's 1983 net profit was L26.5bn on sales of L304.5bn. With the addition of the IBP group, CIR has more than quadrupled sales.

The third explanation for CIR's move from high technology into pasta and chocolates is a peculiarly Italian one. In Italy there is a lack of dynamic entrepreneurs willing to take risks, make large investments and throw themselves into rescues.

Think of major Italian businessmen and the same two names keep cropping up — Gianni Agnelli of Fiat and Carlo de Benedetti of Olivetti.

Put another way, both Sig de Benedetti and his old boss, Sig Agnelli, have a hunger to control huge slices of finance and industry. *They compete fiercely although neither admit this.*

But the fact is that Ivrea and Turin, just 25 miles apart, represent two financial fortresses, run by unabashed empire builders.

SGE in urgent quest for cash

BY DAVID MARSH IN PARIS

SOCIETE Generale d'Entreprises, the large French construction group, is urgently *seeking fresh funds from* shareholders after worse-than-expected losses for 1984, following a deficit of FFr 484m ($49.3m) for 1983.

SGE, 38 per cent owned by the nationalised Saint Gobain pipes and glass group, said last year's losses could be as high as *FFr 900m.*

The losses over the past two years mainly result from cleaning up the balance sheet to take account of losses on past and present building projects.

Turnover last year fell to FFr 13.2bn, down 5.5 per cent.

Performance over the past year has also been affected by the cost of restructuring. Last autumn SGE said it was cutting its French workforce of around 19,000, by almost a fifth because of the downturn in the construction business both at home and abroad.

Last year's losses are likely to have almost wiped out the group's capital resources, necessitating a rescue operation in which Saint Gobain would be expected to take a leading role.

Saint Gobain took 26 per cent of SGE in 1983 in a controversial diversification move. Its stake has been since raised through a capital raising operation at the end of last year in which SGE boosted its nominal equity capital to FFr 262m, from FFr 187m.

Compagnie Generale d'Electricite, the nationalised electronics and energy conglomerate, which up to summer 1983 had a majority stake in SGE, now has only a small indirect participation through the holding company Nonelec, which holds 18 per cent.

Oerlikon-Buehrle group sales ahead by 22%

ZURICH — Oerlikon-Buehrle Holding, the holding company for the Swiss-based diversified weapons maker, increased group sales by 22 per cent in 1984 to SwFr 4.9bn ($1.79bn).

The company said that profits had improved considerably but that it was "hardly possible" to expect more than a rather balanced result for the group The group posted a loss of SwFr 88.7m in 1983.

Oerlikon said that profits had improved as a result of positive sales trends in the group, but that restructuring the machine building sector and developing military products had both drained resources during the year.

All divisions were able to increase sales but military products had posted the highest sales increases.

The volume of new orders improved in almost all civilian sectors during the year, especially in the second half. Orders for aircraft dropped considerably, however.

Orders for military products in 1984 *fell* back from 1983 levels but were satisfactory, the company said.

AP-DJ

Former IBH French unit out of the red

By Our Paris Staff

MACO MEUDON, the French construction equipment manufacturer which was formerly part of the now bankrupt West German IBH group, is planning to extend its activities as part of a bid to regain a sound footing.

The company, which is still in the hands of receivers after the collapse of the IBH group *last year*, yesterday *announced* operating profits of FFr 3m ($305,000) last year on turnover of FFr 150m.

M Patrick Massardy, the chairman of Maco-Meudon and previous managing director of IBH's French operations, claimed this was the first time in 10 years that the company had shown an operating surplus.

The figures compared with operating losses of FFr 43m on FFr 204m turnover in 1983. Last year's results, however, do not take account of the heavy cost of restructuring — including sharp cuts in the workforce, now down to only 240.

M Massardy said the company this year was aiming for FFr 6m of profits on FFr 165m turnover.

GHH turnover up midterm

BY OUR FINANCIAL STAFF

GHH, the West German engineering group, has increased first half turnover by 7 per cent to DM 8.1bn ($2.52bn). Strong foreign sales more than offset a 6 per cent setback for domestic turnover,

As a result, GHH says it may, just conceivably, exceed its sales targets for this year, ending June 1985. Turnover reached DM 16.7bn last year, and for 1984-85 the company has forecast sales of DM 17.2bn.

Orders on hand at the end of December 1984 stood at DM 17.3bn, an increase of 1 per cent

GHH ran up net losses of DM 59m last year, and cut its dividend to DM 3 a share from DM 4. It confirmed that the current payment would be maintained.

N. AMERICAN QUARTERLY RESULTS

BRITISH COLUMBIA FOREST PRODUCTS
Pulp & paper

Fourth quarter	1984 $	1983 $
Revenue	308m	238.8m
Net profits	12.4m	†5.7m
Net per share	0.25	†0.12
Year		
Revenue	1.01bn	893.7m
Net profits	9.2m	†32.7m
Net per share	0.18	†0.06

†Loss

BUCYRUS ERIE
Mining & construction machinery

Fourth quarter	1984 $	1983 $
Revenue	102.1m	125.4m
Net profits	†1.04m	†57.87m
Net per share	†0.04	†2.89
Year		
Revenue	407.2m	551.5m
Net profits	8.15m	†139m
Net per share	0.41	†6.51

†Loss

CANADIAN PACIFIC ENTERPRISES
Energy resources, mining, paper mills

Fourth quarter	1984 C$	1983 C$
Revenue	—	—
Net profits	113.0m	37.0m
Net per share	—	—
Year		
Revenue	—	—
Net profits	306.0m	94.0m
Net per share	1.95	0.61

CONTINENTAL TELECOM
Telephone company, business systems

Fourth quarter	1984 $	1983 $
Revenue	615.1m	588.4m
Net profits	58.1m	44.0m
Net per share	0.79	0.60
Year		
Revenue	2.31bn	2.14bn
Net profits	195.9m	169.6m
Net per share	2.67	2.35

DOMTAR
Chemicals, board & pulp

Fourth quarter	1984 C$	1983 C$
Revenue	508.7m	479.1m
Op. net profits	19.3m	15.7m
Op. net per share	0.36	0.86
Year		
Revenue	2.04bn	1.82bn
Op. net profits	88.6m	40.9m
Op. net per share	4.63	2.22

R. R. DONNELLEY & SONS
Commercial printer

Fourth quarter	1984 $	1983 $
Revenue	546.8m	447.8m
Net profits	41.1m	34.0m
Net per share	1.07	0.91
Year		
Revenue	1.81bn	1.54bn
Net profits	133.9m	114.4m
Net per share	3.50	3.00

DUN AND BRADSTREET
Business information

Fourth quarter	1984 $	1983 $
Revenue	659m	547m
Net profits	62.8m	41.4m
Net per share	—	—
Year		
Revenue	2.4bn	2.06bn
Net profits	252.7m	187.9m
Net per share	3.33	2.48

OCEAN DRILLING & EXPLORATION
Oil and gas

Fourth quarter	1984 $	1983 $
Revenue	233.8m	180.7m
Net profits	55.3m	28.9m
Net per share	0.27	0.45
Year		
Revenue	784.7m	838.2m
Net profits	118.7m	116.2m
Net per share	1.59	2.30

FRANK B. HALL
Insurance broker

Fourth quarter	1984 $	1983 $
Revenue	94.7m	90.0m
Net profits	†440,000	1.8m
Net per share	†0.03	0.12
Year		
Revenue	372.8m	354.2m
Net profits	1.54m	12.5m
Net per share	0.12	1.02

†Loss

MACMILLAN
Publishing, language, business schools

Fourth quarter	1984 $	1983 $
Revenue	140.2m	119.1m
Net profits	8.8m	5.9m
Net per share	0.92	0.60
Year		
Revenue	528.7m	430.5m
Net profits	33.1m	25.1m
Net per share	3.45	2.67

PANCANADIAN PETE
Petroleum & natural resources

Year	1984 C$	1983 C$
Revenue	1.1bn	894.4m
Net profits	300m	241.1m
Net per share	2.40	1.95

Alan Friedman on how falling property prices have crippled an Italian unit trust

Calls for greater stock market vigilance as Europrogramme faces liquidation

ALMOST A year ago to the day, Europrogramme, the L1,000bn ($513m) Lugano-based Italian unit trust property fund, announced plans to secure a public quotation on the Milan Bourse, through a complex formula requiring the passage of a new law by the Italian Parliament.

Now, Europrogramme's chairman, Sig Orazio Bagnasco has resigned along with his entire board, amid allegations of improprieties from his own shareholders, investigations by magistrates in both Italy and Switzerland, intervention by the Swiss Federal Banking Commission and a severe liquidity crisis.

According to estimates of some Milanese stockbrokers, there is the possibility that the unquoted Europrogramme will be liquidated. Sig Bagnasco, in his first public statement on the unit trust's difficulties in a year, has said as much: "Perhaps I shall dedicate myself to tourism and hotels instead. If it is necessary to liquidate Europrogramme then we shall have to do so."

Sig Bagnasco also controls the Ciga luxury hotel chain, which last year doubled its pre-tax profit to L16bn.

That Sig Bagnasco may be able to emerge from the crisis and controversy at Europrogramme to pursue his other interests is not at issue. It is his approach to investment, and his selling unquoted and unofficial unit trust share certificates, which is under debate. The sale of *Certificati Atipici*, a generic term to describe several kinds of unquoted shares which can be sold by door-to-door salesmen, has been undertaken by other Italian entrepreneurs and property barons — Sig Silvio Berulsconi, the king of Italian private television, started his own construction interests through the sale of such shares.

Prominent Italians, including Prof Guido Rossi, the distinguished ex-president of Consob, the stockmarket authority, have criticised the practice and have emphasised the risks to investors. As storm clouds gather at Sig Bagnasco's property empire, Italian financial reformers are pointing to Europrogramme as a textbook example of why greater vigilance is needed in policing the stockmarket and its offshoots. Only when there is seriousness enough to insist upon greater investor protection, consolidated balance sheets, external auditing and other standards which are not yet accepted in much of Italy, can the Italian financial market be taken seriously—so runs the argument.

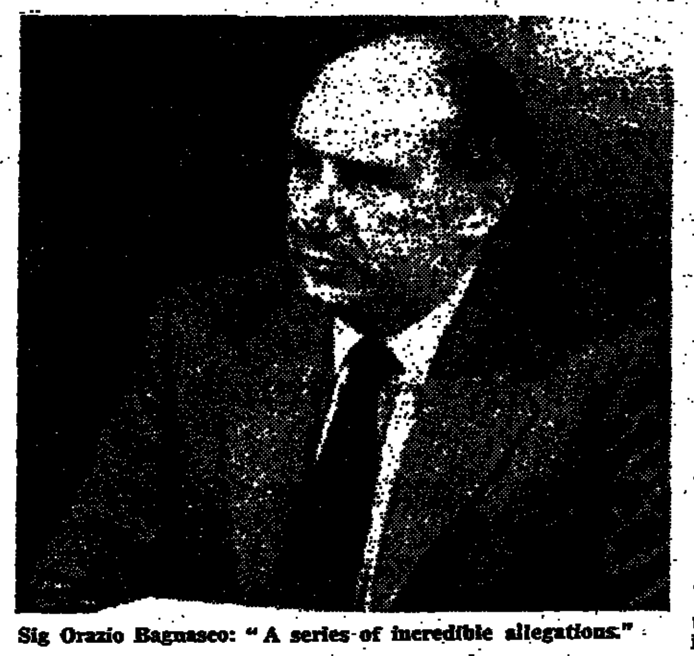
Thus the story of Europrogramme, which is now facing the prospect of liquidation after 16 years of existence, is a kind of cautionary tale which may well have an impact upon the way Italy nurtures the growth of its financial markets. Some Milan stockbrokers describe the Europrogramme affair as "the last of a certain type." Sig Bagnasco, for his part, protests that he is the victim of a conspiracy by political enemies who are out to stop his progress.

Europrogramme, which now has 75,000 unit trust holders, was started by Sig Bagnasco back in 1969, at a time when the concept of homegrown investment or unit trusts did not exist in Italy. The Genoa-born Sig Bagnasco started up in Chiasso, the financial enclave nestling in the foothills of the Alps, just over the Swiss side of the border and a stone's throw from Lake Como.

Over the years he built himself a holding company with interests not only in the management of Europrogramme, but also with stakes in a Swiss bank, the Ciga hotel group and shell companies for property investment purposes in Luxembourg, Venezuela and Bermuda. But it was his Europrogramme fund for which he became known among Italian investors.

In the boom years, Europrogramme grew rapidly, so that its holdings now include buildings which house Fiat staff in Turin, a palazzo in Rome which houses part of the Treasury Ministry, and property near Milan's select Piazza Della Scala.

Last Thursday Sig Giovanni Goria, the Italian Treasury Minister, told Parliament that Europrogramme might have to be partially liquidated in April. But in his first public comments on the affair, the Minister also said that it might be possible for the authorities simultaneously to proceed with the liquidation and with conversion of the unit-holders' equity interest into shares listed on the Milan stock exchange. This step would avoid the pitfalls of a massive wave of redemptions of the units.



Sig Orazio Bagnasco: "A series of incredible allegations."

The trouble started a year ago: the Italian property market was in a slump, some Europrogramme investors, worried that the price of their units (which is set by the concern each year), was overvalued and the threat of new tax measures sharply reducing the attractiveness of the fund for Italian shareholders.

By last June, concern was mounting. When it seemed that Europrogramme's liquidity was perilously low, several thousand shareholders began demanding immediate redemption of their units. Europrogramme's liquidity amounts to less than half of the L70bn being demanded by shareholders claiming redemption. To avoid chaos, the Swiss Federal Banking Commission suspended all redemptions, an action which was renewed last autumn and expires on March 31.

At the same time Sig Bagnasco tried to get a special law passed by Pariliament which would have alowed his Swiss-based unit trust to be converted into a listed Italian company by means of the purchase of a shell company on the tiny, Turin stock exchange. The idea was for Europrogramme assets to be funnelled into the Turin shell company and then to seek a listing on the Milan bourse. This, it was argued, would have given investors the chance to trade shares freely — under the old rules they lost upon redemption a sizeable percentage of the "official" price set by Europrogramme on commissions and suffered losses by way of stamp duty levied in Switzerland.

As a result of shareholders' complaints, however, magistrates in Milan and Lugano began looking into Europrogramme in the autumn. This, in turn, led the Italian Treasury to halt the progress of the special law in Parliament in November.

Sig Bagnasco, commenting on the shareholder dossier which speaks of fraud and mismanagement, calls the charges "a series of incredible allegations." He speaks of "interests in Italy against me," and says that politicians in Rome "are out to stop my progress."

Now that the passage of the law before March 31 (when the Swiss authorities are expected to lift their block on redemptions) seems unlikely, Sig Bagnasco admits he will have to consider putting Europrogramme into liquidation. In mid-January he resigned from the company which manages Europrogramme and said an independent Swiss entity would take over control.

So it looks as though Europrogramme is headed for liquidation. Last week it emerged that Allgemeine Treuhand, a Basle auditing concern with ties to Arthur Young, the international accountants, has been appointed to a "consultancy" for Europrgramme.

Sig Bagnasco, whose real pride and joy these days is his Ciga hotel chain, speaks with energy and enthusiasm about his beautiful Gritti Palace and Danieli hotels on the Grand Canal in Venice. He is justifiably proud of the unmatched service at Ciga hotels, of the group's profitability and of his international franchising programme.

Yet the net asset value of the Europrogramme unit trust is around L200bn less than its total invested funds because of loan commitments. What the sale of 70 buildings in Italy would fetch in the event of liquidation is hard to assess.

The Europrogramme affair points, according to some financial analysts, to the need for greater regulation of investments in Italy. There is nothing illegal about selling unquoted shares door-to-door in Italy; but this may have to change.

Dollar RUF facility for Neptune Orient

BY CHRIS SHERWELL IN SINGAPORE

NEPTUNE ORIENT LINES the Singapore Government-owned shipping corporation, is to raise up to U.S.$50m through a revolving underwriting facility (RUF), the first such U.S. dollar-denominated arrangement for a Singapore company.

The five-year facility, the terms of which have not been revealed, is the third RUF to be arranged in Singapore in as many months. Bankers say the trend indicates a growing role for the island state as an international capital market.

In November, Keppel Shipyard, another government-owned corporation, was involved in a S$100m (U.S.$45m) issue, the country's first Singapore-dollar RUF. More recently, a U.S.$80m facility was arranged by Citicorp for Adelaide Steamship, the Australian conglomerate.

The main attraction of the latest issue, compared to the Keppel facility, is that the paper will be fuly negotiable internationally. The agent, as for the Keppel facility, is Singapore International Merchant Bankers (Simbl), a joint venture between Schroders of London and the OCBC group in Singapore. Schroders is also heavily involved in this business in Hong Kong.

Neptune Orient Lines, which owns and operates more than 30 modern vessels, is one of Singapore's best-known companies. But it has suffered a fall in pre-tax profits in each of the three years 1981-83 because of the recession in the shipping industry.

The company has been keen to reduce the burden of its bank borrowings and issued S$130m in loan stock in mid-1983. The RUF will be used to refinance existing debt, apparently on terms finer than those secured originally.

Under the arrangement the company will be allowed to borrow up to US$50m over the next five years by issuing three- and six-month notes. Simble is the lead manager, and the seven underwriting banks—all of them non-Singaporean—are Amro Bank (Asia) Westpac Banking Corporation, and the seven Hong Kong deposit taking companies of five Japanese banks—Sanwa, Kyowa, Tokai, Yasuda, Trust and Mitsubishi.

Sanlam lifts total assets by 23%

By Jim Jones in Johannesburg

SANLAM, South Africa's second largest life assurance group, increased total assets by 23.9 per cent to R6.26bn ($3.1bn) in the year ended September 30 1984 from R5.05bn in the preceding year. Premium income rose to R1.3bn from R1.07bn.

Dr Fred du Plessis, the chairman, says that investment decisions were materially affected by high interest rates. Sanlam, he said, invested substantially in short-term stock and deposits in response to a 5 per cent increase in short-term interest rates during the year. Ordinary share prices moved to unacceptably high levels which dissuaded the assurance company from investing in equities.

Sanlam is a mutual life office, and controls several major South African industrial and financial groups including Federale Volksbeleggings, the industrial conglomerate, Federale Mynbou, the mining and industrial group, and Bankorp, the country's fifth largest banking group.

Japanese banks bow to automation

BY JUREK MARTIN IN TOKYO

THE JAPANESE banking industry seems finally on the verge of giving the automatic teller a larger role in meeting the demands of an increasingly affluent consumer society.

This is probably the most important long-term thrust of an otherwise bald announcement by the Federation of Bankers Associations that, from August next year, bank branches will be closed for a second Saturday each month but machines will be allowed to stay open for a half day every Saturday.

The whole question of banking hours and the use of automated tellers in what has traditionally been a conservative, cash-oriented environment is complex and political. But general inaction both by the industry and the regulatory authorities, has meant that Japanese retail banking services, at a basic consumer level, have lagged behind those in most ofthe rest of the industrialised world.

Last year, the banks, acknowledging the slow but steady national progression to a five-day working week, shortened banking hours for the first time in nearly 60 years by closing branches down one Saturday (the second) in each month; from August next year, this will be extended to the third Saturday.

However, in last year's move, automatic tellers were also closed down, meaning that for one weekend a month customers had no access to their bank cash from 6.00 pm on Fridays until 8.45 am on Mondays. During the week, normal banking hours are 9.00-3.00 (and 9.00-12.00 on the open Saturdays), with machines open 8.45-6.00 (and until 2.00 on Saturdays); these hours are not yet due for a change.

The reason for this tight control was, according to the authorities, the need to protect the weaker brethren. Whereas the big "city" banks could afford the investment in automated teller networks, the smaller, regional banks and credit institutions could not — and were thus at a potential competitive disadvantage.

The breach in this impasse was actually forced by the giant post office savings system which, with some Y90,000bn (about $355bn) in deposits, accounts for about one-third of all Japanese personal savings.

Always anxious to compete with the commercial banks, the post office announced recently that its teller machines would remain open this coming Saturday, which is both the second Saturday of the month and, with the Foundation Day holiday falling on Monday, the first day of a long weekend.

The banks were unable to match this move, but agreed to follow suit the next time the second Saturday kicked off a long weekend, which will happen on September 14-16. Now they have gone one stage further with their plans for extended machine use from next year, with which the Post Office will doubtless fall into line.

Japanese teller machines are on a par with anything available in the West in the range of banking services they can offer. But the benefits of automation have primarily gone to the institutions themselves rather than to their customers. Sumitomo Bank, for example, which is widely seen as the most efficient "city" bank, claims to have cut its payroll by as many as 7,000 people as a result of automation.

But evolutions in Japanese society have subtly changed the climate for retail banking. While still reliant, to a remarkable degree, on cash payments, the consumer has become perceptibly more sensitive to both interest rate returns and services. It was precisely the absence of such financing services offered by the established banks that helped create the once notorious "sarakin," the consumer loan sharking operations.

Equally important is the fact that over half Japanese housewives, who customarily control family finances, now work outside the home—and are thus not always free to pay household bills in the limited hours during which branches and machines are open.

Because Japan always prefers to progress gradually, the goal of seven days a week, 24 hours a day automatic banking is probably still years away. A necessary interim step will undoubtedly have to be efforts by the less competitive financial institutions to pool their resources and develop better systems of their own.

In the meanwhile, Japanese bank premises will remain frantically crowded towards the end of each month as the nation's 4m plus small businesses troop in, cash and bills in hand, to settle their accounts using the services of a human teller; but at least a small change is in the offing next year.

NZ banks set up EFTPOS system

By Dai Hayward in Wellington

NEW ZEALAND is introducing an electronic funds transfer point of sale—EFTPOS—system in which all the country's trading banks will participate

The four NZ trading banks have co-ordinated the setting up of an EFTPOS project through Databank, the jointly owned company set up 20 years ago to handle all their paper transactions. Databank currently handles 2½m transactions per day of which ½m are electronic.

The EFTPOS trial system launched in Wellington involves service stations owned by the five major oil companies, BP, Caltex, Europa, Mobil, and Shell, and two Woolworths stores.

In setting up the project the banks have worked closely with the Retailers' Federation to ensure problems and objections encountered by the introduction of EFTPOS in other countries will not occur in New Zealand.

A smaller EFTPOS trial has been underway by the Auckland Savings Bank since last year.

Sanko Steamship reviews rehabilitation programme

OSAKA — The financially troubled Sanko Steampship Company has decided to cancel orders for some 20 bulk carriers in a major review of a three-year rehabilitation plan that began only 10 months ago because of its worsened financial condition and the downturn in the world freight market.

Sanko, which is one of the world's largest tanker operators, expects to save more than Y50bn ($192m) through the cancellation of the orders.

The rehabilitation plan which began in April last year called for the construction of 125 bulk carriers, a three-year moratorium on the repayment of outstanding debts, and the scrapping of 8m dwt tons of unprofitable vessels.

Sanko originally planned to build 30 of the 125 carriers with its own funds and the rest with loans. The company now wants to cancel orders for 20 of the 30

Kyodo

Bank of East Asia scrip issue

HONG KONG'S Bank of East Asia has reported after-tax profits for 1984 of HK$142.2m (US$18.2m), an increase of less than 3 per cent. The bank, which has close links with mainland China, and has a reputation for conservative lending policies, has proposed a scrip issue of one share for every 10 held—its first scrip issue since March 1983, David Dodwell reports from Hong Kong.

The bank announced a final dividend of HK$0.45 per share, making a total for the year of HK$0.70. Mr David Li the chief manager anticipates a dividend in 1985—on the expanded share base — of HK$0.65.

ECU 125,000,000
Floating Rate Depositary Receipts due 1992
of which ECU 75,000,000 is now being issued as the Initial Tranche by The Law Debenture Trust Corporation p.l.c. evidencing entitlement to payment of principal and interest on deposits with

BANCO DI ROMA
London Branch

Notice is hereby given pursuant to the Conditions of the Receipts that for the six months from 6th February, 1985 to 6th August, 1985 the Receipts will carry an interest rate of 10$\frac{5}{16}$% per annum.
On 6th August, 1985 interest of ECU 51.85 will be due per ECU 1,000 Receipt, ECU 518.49 due per ECU 10,000 and ECU 5,184.90 due per ECU 100,000 Receipt.

Mitsubishi Finance International Limited
Reference Agent

6th February, 1985.

Nine months of turmoil end happily for Disney

BY RAYMOND SNODDY

Mr Roy Disney

THE DUST has settled. Everybody is going in the same direction. People are smiling and talking and having fun again the way it always used to be," Mr Roy Disney, vice-chairman of Walt Disney Productions says.

"Everything we know says all our old friends, the pension funds, the banks that deserted us and were as much as anything responsible for the slide in the share price, are all coming back," he adds.

Roy Disney, son of Roy O. Disney who co-founded the Disney entertainment business with his brother Walt, is now basking in the sort of happy ending the Disneys have always specialised in. But it comes at the end of a cliffhanger—a battle for both the soul and ownership of Disney Productions that was a long way from family entertainment.

The problems for Disney began when profits from films started to slide, revenues from the theme parks looked like levelling off, and the share price fell from $84 to $48 between April 1983 and February 1984.

"Disney lost track of what their basic business was over the past seven or eight years—films. From the films flows everything else. That was why we were able to create Disneyland," Mr Disney said in a London interview.

All the efforts to build the Future World-World Showcase at Epcot Centre had "submerged or subverted" the main business of Disney.

"Steven Spielberg brought "Raiders Of The Lost Ark" to us. He was told it was a nice something or other but we're much too busy with Epcot right now to consider that kind of thing," said Roy, who is now also head of the animation studios as well as being vice chairman.

Decision time came a year ago when the stock was "horrendously undervalued" at $45 and Roy Disney said he knew something had to happen. He resigned from the board to stay free of insider knowledge and started planning to "take over" the company.

There followed nine months of turmoil—"more a mini-series than a movie"—as rival suitors and "greenmailers" tried to get their hands on part of everyone's childhood.

Partly to his own surprise Roy Disney emerged victorious at a special board meeting at the Burbank, California studios on Saturday September 22.

"Right up to Friday evening we thought the vote was 10 to 3 against us," said Roy, who is also chairman of a company which runs radio and television stations.

But in the end Roy Disney won and his men Mr Michael Eisner, former president of Paramount Pictures, and Mr Frank Wells, vice chairman of Warner Brothers took control

Mr Eisner is chairman and chief executive of Disney and Mr Wells president and chief operating officer.

"Over the next three, four, or five years we are going to build up film production gradually until we are making 15 or 16 pictures a year—an average for the other majors," says Mr Disney. In recent years Disney has been releasing three or four

There will be more animated films with old characters such as Mickey Mouse, Donald Duck, and Goofy being brought more into the modern world—they're playing soccer in the latest $25m production. Most of the new production will not be "the little kiddie kind of movie."

The company is also looking seriously at a European Disneyland which will cost between $500m and $800m and employ 10,000 to 20,000.

France, Italy, and Spain are probably on the short list—the UK is almost certainly ruled out because of the climate—and Italy is looking like the favourite.

Another major strand of the new Disney policy is to exploit the Disney assets more effectively.

Mr Ernest Levenstein, an analyst at Shelarson Lehmann Brothers who has watched the Disney drama unfold, said: "I think the future of Disney is extremely bright. The new management that has come into place have the initiatives and the mandate to increase both earnings and the value of the assets." The Disney assets were not developed as much in the past as they could have been, Mr Levenstein believes.

The share price has now risen to $74. First-quarter results to December 31 showed a sharp rise in profit to $32.19m or 95 cents a share spurred by results from Arvida, its new property subsidiary.

"Profits three and a quarter times the same quarter last year and almost before we got started," said Mr Disney. The chance of further takeover attempts seem remote.

ABC sets new standard in disclosure

BY MARY FRINGS IN BAHRAIN

ARAB BANKING Corporation, Bahrain's biggest bank, with assets of US$11bn, has reported group net earnings for 1984 of $110m, after the deduction of $45m in specific loan loss provisions.

Although operating profits were up from $127m in $155m, the provisions were more than double the $20m set aside in the previous year and the improvement in net profits was therefore reduced to 2.8 per cent.

Mr Abdulla Saudi, the president and chief executive, has set a new standard of disclosure among Arab banks, both in quantifying problem loans and provisions and in detailing the contribution to growth and performance of various components of the ABC group.

Non-performing and doubtful loans for the parent bank amounted to $90m, against which $52.5m has been provided to date. The loans represent 2.4 per cent of the bank's unconsolidated lending portfolio of $3.7bn, and 7.6 per cent of total group equity (excluding the 1984 profit) of $1.18bn.

The bank is expected to transfer a substantial portion of the $110m profit to general reserves, and to hold dividends to its shareholders, the governments of Kuwait and Libya and the Abu Dhabi Investment Authority (ADIA), at the previous level of 6 per cent.

Not included in the $90m worth of problem loans is $17m, plus accrued interest of $2.8m, which ABC expects to recover in full from Mr Alberto Duque, the bankrupt Colombian coffee magnate, whose 55 per cent stake in City National Bank Corporation in Miami was auctioned on January 31. The assets were sold to the Abbess family for $21m after ABC had itself made a bid to push up the price.

The group's exposure to Latin America (principally Mexico, Brazil and Argentina), which in 1983 represented 16.5 per cent of earning assets (consolidated loans and placements) fell slightly to 15 per cent or $1.49bn.

A breakdown of net profit shows that $99.6m was contributed by ABC and its branches, $9.2m by the 70 per cent owned Banco Atlantico of Barcelona and $1.4m by the 90 per cent owned ABC-Daus of Frankfurt.

Although the Milan and London branches were profitable and Singapore broke even, New York made a loss due to a high level of provisions related to U.S. real estate problems.

Of the total $45m charged to the group profit and loss account for specific provisions, the equivalent of $11.5m (plus a further $1.3m of general provisions) was attributable to Banco Atlantico, principally because the Bank of Spain required a provision of 1.5 per cent on all facilities to non-OECD countries. In spite of this, Banco Atlantico achieved net earnings equivalent to $13.1m.

The Spanish retail bank, which was acquired by ABC in April last year, and ABC-Daus were responsible for 98 per cent of the group's balance sheet growth, from $8.7bn at the end of 1983 to $11.06bn in 1984, excluding contra items.

The subsidiaries also accounted for 62 per cent of the group's customer deposits of $1.8bn but less than 4 per cent of the $6.97bn in interbank deposits. Customer deposits at the parent bank in fact dropped during the year, from $823m to $693m.

On the assets side, the consolidated loan portfolio increased from $3.96bn to $4.65bn, but again most of the growth was Banco Atlantico's. Short-term lending (up to 18 months) accounted for 45 per cent of the total. In addtion to the loan portfolio, marketable securities increased from $420m to $455m.

Mr Saudi said ABC would be looking for asset growth of 10 per cent in the coming year, but profits might be adversely affected by lower interest rates.

UK COMPANY NEWS

Anthony Moreton looks at the £124m Entrad bid

Tilting at Tootal

ALTHOUGH Entrad's £124m bid for Tootal was not officially conveyed to Tootal House in Manchester till yesterday, its arrival had been feared since last October.

It was then that a report appeared in The Australian newspaper that Mr Abe Goldberg's textiles-to-clothes group wanted to build a "substantial" stake in the British concern.

Tootal was mystified. In June 1984 it had sold a 49.9 per cent stake in Bradmill Industries, another Australian concern to Entrad but had had no other dealings with the company. Tootal feared that the recovery programme being masterminded by Mr Alan Wagstaff, its chairman, would be endangered if bid rumours multiplied.

By November Entrad had disclosed a 7.2 per cent holding, though at the turn of the year it offloaded some of those shares

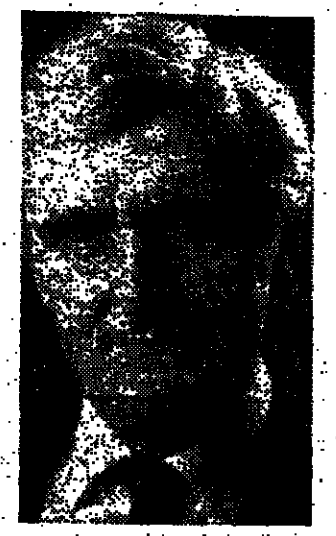
Entrad claims to be Australia's largets textile concern, with a turnover of £270m. A good part of that has been acquired recently. In addition to the Bradmill deal, it purchased Courtaulds-Hilton, Australian subsidiary of Courtaulds.

It has also been buying oil interests in California to add to its tyres and field catering services business in Australia, though it is not known how much these contribute towards group turnover.

Evene now Tootal is a much larger concern than Entrad in terms of sales and employment. Turnover in the year to January 1984 was £387m and its interim results showed sales running at an annualised level of just under £400m. Before its recent acquisitions Entrad would have been well under half this figure. Tootal is also a large employer, with some 8,500 people in the UK and almost 20,000 in its international businesses around the world.

However, in precent years Tootal's performanee has been far from sparkling, with the textile recession hitting it hard after 1979. Even now it looks like being some way off achieving the £419m turnover it hit in 1982.

By comparison Entrad has a reputation for growth. Mr. Goldberg is known in Australia as Mr Textiles. The company is "substantially" controlled by himself as chief executive, Mr Arnold Bloch, the chairman, and Mr Marcus Besen, a director. But it is Mr Goldberg who is said to be the driving force behind it. He is thought to own 40 per cent of the company which the three acquired only in 1979.



Mr Alan Wagstaff, chairman of Tootal

Entrad said yesterday that the acquisition of Tootal would "create a clothing and textile group with improved geographic and product balance," which is correct so far as Entrad is concerned. It is a largely Australian company operating in a largely Australian market.

Tootal is an international company by comparison. It is one of the big four British vertically-integrated spinning-to-clothes concerns, along with Courtaulds, Coats Patons and Vantona Viyella. Some 59 per cent of its turnover comes from its operations outside the UK.

One of the most important of those operations is its threads business in the U.S. A big rationalisation there has turned the business round and Tootal has now moved its threads headquarters to the States.

Tootal has also reorganised its home-based business to capitalise on some of its famous names—Tootal itself, Osman, English Sewing Cotton, Raysil, Slimma—and to fight for a bigger share of the market. It has aimed at Marks and Spencer as one of the growth areas and has expanded sales to the group.

But it is still heavily reliant on sales of threads, which is a textile commodity rather than a product, something to which the consumer does not attach great brand significance and therefore difficult to build in more added value.

What Mr Wagstaff has done is to recruit young managers into the group who are managers rather than textile specialists. In doing so he has turned the company away from its traditional approach of putting volume first and profit second. "We are now a marketing-conscious company," he says.

He has also reorganised the business into four main divisions, comprising textiles, non-wovens and clothes in addition to threads.

These changes have been far from painless. While the overseas labour force has not fallen very much the UK side now has under half the employees it had as recently as 1979. At one time, at the height of the depression Tootal and Courtaulds seemed to be closing major works almost every Friday night.

New management, an emphasis on higher-added-value clothes and household textiles, and the new marketing approach have all helped the company to climb out of the slough it reached when profits dropped to a little over £7m in 1981.

The financial year has just ended, with the close of January, and so the board should be well primed to throw figures into the battle with Entrad.

Pyke to buy Bransby's

Pyke Holdings, the butchers, is to buy Bransbys, a pork and bacon dealer with a £2m issue of new shares. Pyke said the deal would enable it to acquire a modern pork and bacon processing facility. Subject to shareholders' approval, Pyke is to issue 730,392 new 10p ordinary shares to the vendors—a 19 per cent increase in its equity—of which 575,527 has already been placed by brokers Laurie, Millbank. Pyke plans to increase its authorised ordinary share caital from £500,000 to £750,000 to effect the placing and allow it to take advantage of future opportunities.

* * *

C. H. Bailey sold 4,806,387 ordinary of Bristol Channel Ship Repairers, reducing its interest from 67.56 per cent to 61.54 per cent.

Panel intervenes again as BTR keeps Dunlop under pressure

BY CHARLES BATCHELOR

THE TAKEOVER Panel has intervened for a second time in the £33m takeover bid from BTR, the broadly-based conglomerate, for Dunlop, forcing BTR to bring a national advertising campaign explaining its case to an early end.

Dunlop protested to the panel late on Monday that BTR was repeating the comparison between its offer price of 20p cash or 22p in shares and the 14p price at which new Dunlop shares will be issued. On Friday the panel ruled that the use of the 14p figure—as opposed to Dunlop's stock market price of around 36p—was not appropriate or helpful.

Instead of the advertisement run in national and West Midlands newspapers on Sunday and Monday, BTR yesterday substituted a message saying: "Owing to a late intervention by the takeover panel it has not been possible for this space to be used by BTR to explain the merits of its bid to Dunlop shareholders."

BTR yesterday continued to maintain its pressure on Dunlop with the publication of a list of five questions which, it said, Dunlop should answer before it adjourned the extraordinary shareholder's meeting planned for Friday.

BTR called on Dunlop to explain why it was misleading to compare the offer price with the 14p price since 14p was the price at which new shares would be issued.

It asked why Dunlop had not yet indicated trading results for 1984 or prospects for 1985 and what new information had been given to Dunlop's creditor banks to persuade them to extend their loans beyond March 31.

It asked Dunlop to confirm that shareholders would be offered the chance to buy all the 142m ordinary shares originally allocated to the banks in exchange for debt.

Sir Michael Edwardes, Dunlop's chairman, said that he had the authority, under Dunlop's statutes, to adjourn Friday's shareholders' meeting without consulting the shareholders though he expected the company would explain to them "where we think we are."

Commenting on the lack of recent financial information from Dunlop, Sir Michael said: "We have a feel for the position in 1984, 1985 and 1986. We will now wait to see what BTR do next."

Dunlop's shares rose 1½p to 38p yesterday while BTR rose 12p to 649p.

Offer for Stylo in the balance

British Land's novel tender offer for a stake in Stylo, the shoe retailer, hung in the balance last night as tendered shares were being counted by Morgan Grenfell, British Land's advisers.

The offer was conditional on at least 8m being tendered, with a maximum to be accepted of 9.02m giving British Land, including shares owned already, 50.2 per cent of Stylo's issued equity but only 29.9 per cent of voting control.

Stylo vigorously opposed the offer, and was aided by purchases of its shares by Town Centre Securities. Mr Arnold Ziff is chairman of both companies. After the tender closed, Stylo shares fell 12p to 165p, compared with British Land's maximum cash offer of 185p.

Anglo-Indonesian

Anglo-Indonesian Corporation, REA Holdings and Plantation and General Investments are at "an advanced stage" in discussions on amalgamating their interests in the Tasik oil palm project in Sumatra under a single new UK holding company, Anglo-Eastern Plantations. This would be accompanied by the raising of external finance for the company, which might incorporate the existing Sumatran estates of Anglo-Indonesian and REA.

* * *

Lep has acquired a 70 per cent interest in Ultrolab Ltd by subscribing £129,630 in cash for new shares.

Ultrolab is based in Wirral, Cheshire and is involved in the marketing and distribution of medical scientific equipment

BPCC plugs a gap with security printer purchase

MR ROBERT MAXWELL'S British Printing and Communication Corporation is buying printers Thomas Forman and Sons, of Nottingham, from Mardon Packaging, part of the BAT group.

No value was put on the deal but Forman has net assets of about £5m. The company is a specialist security printer and will plug a gap in the BPCC product range. BPCC has given undertakings on job security to the employees.

BPCC failed last December in a bitterly fought £44m takeover battle for John Waddington, the games and packaging group, which has a highly profitable security printing operation.

BPCC gained acceptances from Waddington shareholders for just 7.06 per cent of the ordinary shares, in addition to the 23.34 per cent it already held.

It was BPCC's second attempt to take over Waddington in as many years. At the start of January Mr Maxwell told Waddington that his business interests had disposed of all the shares they once held in the company.

Saatchi audio-visual deal

Saatchi & Saatchi has added to its range of business services with the purchase of Infocom Group, which provides audio-visual back-up for corporate presentations. The initial payment is £1.18m, but the total could rise to around £4.5-5.5m depending on Infocom's profits performance.

Kleinwort Benson, which holds 14 per cent of Infocom, will receive a flat £600,000. The remainder is owned by the management, which will be staying on.

Infocom came into being as recently as last May, as a result of a merger between Hamilton Perry and MMA, two companies operating in similar areas. Consolidated pre-tax profits for the year to August were £425,000 on turnover of £5.9m, and net tangible assets by that stage stod at £339,000.

Strong growth is forecast for the current year, with profits expected to rise 78 per cent on turnover 35 per cent higher. The deferred payments to the management are contingent on profitability in the period to August 1988.

The deal is the latest in a string of purchases by Saatchi, which last month agreed to pay up to $15m for Kleid, a New York direct marketing consultant. In December it took on the Hedger Mitchell Stark advertising agency for about £3m, but the thrust of its recent expansion has been in the U.S.

Saatchi said yesterday's acquisition, which it would fund from its own resources, would broaden its business services capability. Infocom is involved in film and video production and graphic design, and claims more than 20 of the top 50 UK companies as clients.

MINING NEWS

Gold Fields buying out MIM's Australian iron ore assets

BY KENNETH MARSTON, MINING EDITOR

LONDON'S Consolidated Gold Fields has agreed in principle to buy from Australia's MIM Holdings the latter's 20 per cent stake in the Mount Goldsworthy iron ore venture together with other iron ore assets in Western Australia. The deal is thought to be worth some A$10m (£7.12m).

Gold Fields already holds 47 per cent of Mount Goldsworthy—which exported 5.1m tonnes of iron ore in the year to last June, generating revenue of A$97.1m—and the other major holder is the Broken Hill Proprietary-controlled Utah Development with 33 per cent.

The deal is subject to a number of conditions, including governmental consent, but whether Gold Fields will be able to acquire all of the MIM interest depends on Utah Development. The last-named has a 30-day option to take up its pro-rata portion of the MIM stake in the iron ore venture which represents 8.25 per cent.

While no official figures have been given, it can be assumed that MIM is offering the assets at a very favourable price to strengthen its own resources, strained by the fall in base metal prices. MIM suffered a loss of A$26.5m in the first half of the current year to June 30.

Mount Goldsworthy is profitable, but while the market for iron ore has been less than buoyant the operation has been dependent on renewals of contracts from Japanese steel mill customers which usually run for about three years.

Furthermore its ore reserves are limited, although sufficient, if contracts are obtained, to last until the early 1990s. The hope is that by the end of this time the iron ore market will have strengthened to the point at which it will become an economic proposition to develop the big ore reserves at Mount Goldsworthy's Area C, some 200 miles away.

Other assets to be acquired from MIM include the latter's p36.1 per cent stake in McCamey's Iron Associates and the Giles Maxi iron ore prospect.

Gold Fields is thus strengthening its control of Mount Goldsworthy for the near term while following its policy of the long term development of its Western Australian iron ore interests.

In looking ahead, the group will be hoping not only for an upsurge in Japanese demand but also for the burgeoning of new markets in China and the Pacific Rim countries.

Earnings rise at GFSA

THE FALL in the value of the rand against the U.S. dollar, which has resulted in record domestic gold prices for South African mines, underlines the results of Gold Fields of South Africa (GFSA) for the first half of the current year to June 30.

The London Gold Fields group's major investment company has lifted net profits for the period to R77.5m (£34.5m) from R65.7m a year ago. The latest profit is after deducting R6.5m for a first dividend on the preference shares issued for the Clydesdale (Transvaal) Collieries acquisition.

GFSA is raising its interim dividend to 40 cents from 36 cents last time. There was a subsequent final of 64 cents. The latest net asset value of 4,397 cents (£19.56) per share compares with 3,743 cents at end-1983.

While the results will be satisfactory for South African holders, the value of the latest profits and dividend in sterling terms to the London parent is no better than a year ago.

Samantha rejects offers

THE BOARD of Australia's Samantha Exploration has rejected both suitors seeking to acquire the company. It says that neither share exchange offer, from Barrack Mines or Eastern Petroleum, is high enough.

Barrack holds about 12 per cent of the capital while Eastern has just under 20 per cent.

The three companies are partners in the profitable Horseshoe Lights Gold Mine in Western Australia, which was revitalised last year under Barrack Mines' management, and has provided strong profits since.

Barrack has stressed that the outcome will have no bearing on which company controls the Horseshoe Lights Mine—under the terms of the joint venture, it would retail control. One of the motive's behind Eastern's bid is to gain three vacant seats on the management board of the mine.

An attractive feature of its operations is the greatly expanded production expected soon, following the proving of more reserves—a hedging programme which guarantees it a return of more than A$400 an ounce at least for the next six months.

European Assets

During the 1984 year net asset value per share of European Assets Trust NV, a member of Ivory & Sime, improved from Fl 5.07 (119p) to Fl 5.37 (126p). Net revenue for the period rose by Fl 677,000 to Fl 2.57m. The dividend total is held at Fl 0.1.

GOLD FIELDS GROUP

GOLD FIELDS OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

INTERIM REPORT
for the six months ended 31 December 1984

CONSOLIDATED INCOME STATEMENT	*6 months ended 31 Dec. 1984 R million	*6 months ended 31 Dec. 1983 R million	Year ended 30 June 1984 R million
Revenue			
Income from investments	82.1	66.1	162.6
Loss on realisation of investments	—	—	(0.6)
Income from fees, interest and other sources	39.8	32.3	65.7
	121.9	98.4	227.7
Expenditure	32.2	29.7	59.9
Administration, technical and general	21.6	17.9	36.8
Interest	1.3	1.4	2.8
Drilling and prospecting	9.3	10.4	20.3
Profit before tax	89.7	68.7	167.8
Tax	5.5	2.6	5.6
Profit after tax	84.2	66.1	162.2
Minority shareholders' interest	0.2	0.4	0.5
Profit attributable to group	84.0	65.7	161.7
Preference dividend	6.5	—	—
Profit attributable to ordinary Shares	77.5	65.7	161.7
* Unaudited			
Earnings per ordinary share—cents	95	80	198
Dividends per ordinary share—cents	40	36	100
—absorbing	32.7	29.4	81.7
Times ordinary dividends covered	2.4	2.2	2.0

CONSOLIDATED BALANCE SHEET	*At 31 Dec. 1984 R million	*At 31 Dec. 1983 R million	At 30 June 1984 R million
Fixed assets	46.3	36.5	40.8
Investments	495.9	333.2	337.6
Properties and ventures	60.7	37.6	53.2
Loans advanced	48.7	46.3	46.4
Net current assets	115.3	95.3	114.7
Current assets	167.6	142.8	180.2
Less current liabilities	52.3	47.5	65.5
	766.9	548.9	592.7
Ordinary share capital	8.2	8.2	8.2
Reserves	608.8	520.4	564.1
	617.0	528.6	572.3
Preference share capital	130.6	—	—
Minority shareholders' interest	3.3	3.1	3.2
Loans received	16.0	17.2	17.2
	766.9	548.9	592.7
Investments			
Listed — Market value	3 340.1	2 754.3	3 187.5
— Excess over book value	2 913.0	2 463.3	2 892.2
— Book value	427.1	291.0	295.3
Unlisted— Book value	68.8	42.2	42.3
* Unaudited			
Number of preference shares in issue	4 508 500	—	—
Number of ordinary shares in issue	81 749 885	81 749 885	81 749 885
Net assets (as valued) per ordinary share—cents	4 397	3 743	4 317

NOTES:

1. **Dividends**
   (i) The final dividend (No. 73) of 64 cents (30.16064p) per ordinary share in respect of the year ended 30 June 1984, absorbing R52.3m, was declared on 21 August 1984 and paid on 9 October 1984.
   (ii) A dividend (No. 1) of 145 cents (61.049316p) per preference share in respect of the six months ended 31 December 1984, absorbing R6.5m, was declared on 13 December 1984 and is to be paid on 6 February 1985.
2. **Black Mountain**
   During the period under review the combined interest of the company and its subsidiaries in the equity of Black Mountain Mineral Development Company (Proprietary) Limited increased from 50% to 54% at a cost of R15m. The total group interest in Black Mountain is now 55%.
3. **O'okiep**
   As a result of a recent rights offer made by O'okiep Copper Company Limited the interest of the company and its subsidiaries in the equity of O'okiep increased from 5% to 30% at a cost of R11.5m and the total group holding increased to 41%. Gold Fields was appointed administrative and technical advisers and secretaries of O'okiep with effect from 1 October 1984.
4. **Mining Subsidiaries**
   Mining subsidiaries are not consolidated in the above financial statements.

DECLARATION OF INTERIM DIVIDEND

Dividend No. 74 of 40 cents per ordinary share has today been declared in South African currency, payable to members registered in the books of the company at the close of business on 22 February 1985.

Warrants will be posted to members on or about 26 March 1985.

Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London Office of the company.

Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the company on or before 22 February 1985 in accordance with the abovementioned conditions.

The register of members will be closed from 23 February to 1 March 1985, inclusive.

Registered and Head Office:
75 Fox Street
Johannesburg 2001

On behalf of the board
R. A. Plumbridge (Chairman)
A. M. D. Gnodde
} Directors

London Office:
49 Moorgate
London EC2R 6BQ
5 February 1985

United Kingdom Registrar:
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

Newman-Tonks at £4m and rights

AN ANNUALISED profit growth of nearly 50 per cent for the year ended October 31 1984 and good prospects for the current term are reported by the Newman-Tonks Group of metal hardware makers. At the same time the directors are strengthening resources for further acquisitions and expansion of present activities, and asking shareholders for some £5.34m net in a rights issue.

Sales for the year came to £58.23m, compared with £61.87m in the previous 15 months period, and the profit before tax was £4.11m, against £3.46m for the period, and £2.8m annualised. The final dividend is 3.75p for a total of 5.4p net, compared with 6.375p, or an annual rise of 6 per cent.

Holders registered February 1 are offered 6,962,632 ordinary 25p shares at 80p each, payable in full on acceptance, on the basis of two for every seven held. Dealings (nil paid) are expected to start tomorrow. The issue has been underwritten by Hill Samuel; brokers are Fielding Newson-Smith and Albert E. Sharp. Dividends in the current year are expected to at least maintain the present level on the enlarged capital; for the future it is intended that payments should reflect increased profits.

Mr M. L. Wright, chairman, says the growth in 1983-84 reflects the significant contribution from the recent acquisitions — Jeavons Engineering and Monarch Hardware and Manufacturing of the U.S.—and the continued strength in the production and sale of door and window hardware, door controls and other products.

Monarch's performance has been so strong that the maximum consideration of $4.5m will now become payable. Apart from its own growth, it has benefited the group by acting as a base for UK manufactured goods distributed through its sales organisation.

The success of Monarch has encouraged the directors to believe they should continue the policy of expansion in the U.S. They are seeking a similar vehicle for growth in Continental Europe and are looking for further acquisitions at home.

Mr Wright says order books for the principal companies are satisfactory and overall the prospects for the current year "are encouraging."

The main area of concern is Rothley Brass, which ran into substantial losses in the year. Action has been taken to reduce operating overheads and there have been major changes in senior management. This should enable a return to profitability, despite intense overseas competition, because of the quality of the product range.

Although at October 31 1984 the group's net borrowings were only £7.2m compared with net tangible assets of £17m, the directors feel it is now appropriate to strengthen resources.

The year's profit attributable to members came to £2.75m (£1.98m). Earnings are shown as 10.4p (10.31p) nil distribution basis and 11.27p (9.89p) on a net basis.

● comment

Thanks to recent acquisitions—Jeavons and Monarch—Newman-Tonks is powering along nicely, a performance blemished only by the losses from Rothley. Having had a rough ride in the early 1980s, the company has spent a great deal of time rationalising production and the benefits are just starting to filter through. With things going so well, there is a clear element of opportunism in topping up the kitty with the £5.3m rights. At home, sustained growth is difficult to find, so the strategy is to cast around for further manufacturing operations in the more expansive U.S. and European markets, operations which can then be topped up with the spare capacity at home. All this makes good sense, on paper at least. The discount on the overnight price is around the norm at 20 per cent while the prospective yield on the new money is just under 10 per cent at 102p, up 3p giving a prospective ex-rights yield of around 7.9 per cent.

REA Holdings lifts profit and seeks cash

REPORTING a substantial advance in first-half results REA Holdings the rubber trading, freight and handling group also announces a rights issue to raise some £2.3m net. This will refinance short-term borrowings and provide resources for further expansion, principally in the plantation sector.

Profit before tax for the six months ended June 30 1984 showed a lift from £214,000 to £829,000, while the CCA figures rose from £166,000 to £753,000. Sales advanced £1.71m to £17.48m.

The issue will be in units, and they will be offered at 650p payable in full on acceptance on the basis of one unit for every nine 4.9 per cent preference or ordinary shares. The units comprise one new ordinary share, four new 9 per cent preference and one warrant. Total shares involved are 413,330 ordinary, 1,653,320 preference, and 413,330 warrants.

Dividend on the new preference shares will be payable at the end of June and December, save in respect of 1985 when a single payment of 7p will be made on December 31. There is declared an interim of 1p on the present ordinary capital and the directors are planning a like amount as a final on the higher capital — in 1983 a single 1p was paid.

Thme CCA operating profit came to £967,000 (£383,000) and comprised commodity trading £54,000 (£49,000), warehousing and storage £7,000 (£8,000) plantations £997,000 (£326,000) and loss of related company—Applied Botanics—£91,000 (nil). Interest charges came to £234,000 (£242,000).

Tax takes £525,000 (£131,000) and minorities £26,000 (£75,000), to leave the current cost earnings at 5.5p (loss 2.9p).

International Investment Trust Company of Jersey and its related company hold together 24,600 existing preference and 2,189,810 ordinary shares in REA. They are entitled to subscribe for 246,045 units (59.5 per cent of the issue) and have undertaken to subscribe at least 115,000. The remainder has been underwritten.

A holder of new prefeence shares who holds warrants will be entitled on exercising a warrant to convert 4 new preference shares into one fully paid ordinary of £1. The warrants will be exercisable in each of the years 1986 to 1995 inclusive, and will entitle the holders to subscribe one fully-paid ordinary of £1 at a price of 400p for each warrant exercised.

Alternatively holders of warrants who are also holders of new preference may exercise their warrants in converting new preference shares held by them into ordinary shares.

Rationalisation measures are being implemented at Applied Botanics, which is a member of the USM. In the first half it incurred a net attributable loss of £305,000 (profit £4,000), with the problem being in the New Ruaton Garden Company, which was acquired at the end of 1983 and cultivates and markets house-plants in the UK and West Indies.

Its sales have been disappointing, probably in part as a result of the withdrawal from the market of a major grower and the subsequent disposal of its stock at discount prices.

Foreign earnings boost Unitech

UNITECH, electronic equipment maker, increased its pre-tax profits by 32 per cent from £5.33m to £7.04m for the first half. More than 50 per cent were earned outside the UK.

Sales for the six months to December 1 1984 rose 42 per cent from £68.65m to £97.25m, excluding inter-company sales.

The interim dividend is being increased from 1.694p to 1.96p. Last year's final was 3.206p when pre-tax profits were £13.11m.

The rate of increase in orders and sales continues to slow but, based on current trends, the company still expects to report a further advance in pre-tax profits for the second half year.

Stated earnings per 10p ordinary share improved from 7.6p to 9.5p adjusted to reflect the one for 10 rights issue in August last year. Tax was higher at £2.65m (£2.2m) with minorities of £154,000 (£5,000).

A £790,000 credit on currency translation has been added to undistributed profit.

All the profit improvement is accounted for by the component marketing division with good increases being achieved by offshoots Enatechnik and Celdis Italiana.

While most of the manufacturing companies reported an improvement, this was offset by losses in Dataport Microsystems and Fibre Resin Developments, which are being addressed.

The three U.S. companies in which the company invested during 1984 — Qulidyne Systems, U.S. Components and Holmberg Electronics — continue to make progress.

See Lex

Wigfall asks for £2.6m to cut bank borrowings

BY STEFAN WAGSTYL

HENRY WIGFALL and Son, the loss-making Sheffield-based electrical retail chain, is asking shareholders for £2.6m with an underwritten rights issue of preference shares to help cut bank borrowings.

The move to raise fresh capital comes after boardroom changes in which the influence of the company's founding families, who together hold about 25 per cent of the equity, has been reduced.

Mr Richard Morrell, son of a former chairman, resigned as managing director in December and has been replaced by Mr Tom Cole, who joined the board from Rumbelows electrical chain in 1982. Mr Morrell is to be paid £100,000 compensation for a service contract which had another four years to run.

In the rights issue announced yesterday, Wigfall is offering 2.6m 7 per cent convertible cumulative redeemable preference shares of £1 each on the basis of one-for-every-two ordinary shares held. The shares are convertible from 1988 at an effective price of 135p, compared with yesterday's market price of 125p, unchanged.

The company, which recovered to pre-tax profits of £35,000 last year after two years of heavy losses, was expecting further improvement in the year to the end of March.

Now largely because of the miners' strike which has cost an estimated £400,000, Wigfall is forecasting losses of up to £75,000.

It made a reduced loss of £487,000 in the seasonally-dull first half to mid-October.

As in the past three years, the company does not intend to pay a dividend for 1984-85, but is forecasting a 2.5p net payment for next year.

The company says it needs the rights issue to reduce borrowings which are excessive, standing at £10.6m net or more than 100 per cent of shareholders' funds.

The board plans to concentrate on increasing cash and credit sales in its chain of 100 shops, restricting rentals of televisions and other equipment which formerly made up much of the business.

The issue which will be put to an extraordinary meeting on March 1 has been underwritten by Charterhouse Japhet and the broker is Hoare Govett.

● comment

Wigfall's plea for the support of its shareholders is utterly understandable, particularly in the wake of recent increases in base rates. Interest payments which swallowed up £1.1m last year, are likely to have absorbed just as much in the current year; the new managing director clearly needs more breathing space in which to try to direct the company's further recovery. His main justification is the record over the last three years in which losses of £3.7m in 1982 would have become healthy profits this year, if it had not been for the miners. Shareholders who back Mr Cole should be ready to take a long term view —even if pre-tax profits of £1m are made say in two or three years, then the stock offered does not look cheap: at the conversion price, the fully-diluted multiple would be 9½. But shareholders can take some heart from the fact that the shares are supported by net asset value of 200p per share. There is always the possibility that a bidder might find a chain of 100 retail sites attractive.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims — Christie-Tyler, Marler Estates, Scottish and Mercantile Investment, Stocklake, TR City of London Trust, Tottenham Hotspur.

Finals—Fleming American Investment Trust, Martin Ford, Webber Electro Components.

FUTURE DATES

Interims—	
Manganese Bronze	Feb 11
Milbury	Feb 14
Our Price	Feb 11
Finals	
Crest Nicholson	Feb 12
Dew (George)	Feb 11
Griqualand Explrn. and Finance	†Feb 21
Jacobs (John I.)	Mar 28
Nottingham Manufacturing	Feb 11
Scottish Eastern Invest. Trust	Feb 18
Vickers	Feb 28

† Amended.

Aviation shows growth at ML

ML Holdings, a manufacturing engineer with substantial defence interests, has lifted taxable profits by almost 16 per cent from £365,000 to £423,000 in the six months to September 30 1984.

Turnover was up by £2.6m, or 21 per cent, to £14.95m. As the directors expected, there has been considerable growth in the ML Aviation production division, which has involved an increasing utilisation of resources.

At the last full year end, when the taxable result was £1.11m on turnover of £31.38m, the aviation division had incurred considerable front-end costs related to increased production requirements.

ML Engineering (Plymouth) has made "excellent progress," with a large backlog of contracts. The division designs and develops railway signalling schemes and equipment, process control schemes, and industrial telemetry equipment.

Results from cast-iron piano frames and general castings subsidiary Crown Foundry are disappointing, say the directors. The division last year reported a small profit for the first time in many years.

ML Components, manufacturer of electronic, electrical and telecommnications components, once again, had a record half year for both orders and sales.

The interim dividend is held at 2p, following the 7p total last time. After tax unchanged at £190,000, first-half earnings per share are quoted at 6.01p (4.45p).

● comment

With the high front-end costs out of the way, ML Holdings is beginning to enjoy the benefits of its ten-year investment in JP233, a runway wrecking bomb. Defence sales account for around 60 per cent of turnover and ML is not escaping the general problems of the defence sector—tougher margins and higher front-end costs. A big hope for a couple of years hence is the Sprite, a micro remote controlled helicopter with both defence and commercial potential, which could generate £50m of business. ML Holdings is also looking for a new acquisition, possibly defence related or complementary to its components subsidiary. Outside of defence Crown Foundry is likely to slip back into the red this year due to a fallback in demand for castings. ML Engineering, on the other hand, has come through a barren period with a run of good contracts for its rail signalling equipment which has resulted in a backlog in excess of £10m. ML Holdings lives with high development costs and has to run very hard to keep profits rising. Pre-tax profits in the current year could add £150,000 to make £1.25m which on yesterday's share price up 3p at 353p, gives a prospective PE of 19.

Bluemel hints at dividend resumption as losses fall

IN A YEAR described by Mr Ronald Aitken, chairman of Bluemel Bros., as one of change and progress, the group has reduced its taxable deficit from £568,815 to £123,491, aided considerably by an exceptional credit of £255,760.

The result is the group's best since the profitable 1979-80 year, when the last dividend was paid. The chairman states that provided progress continues as planned, a resumption of payments will be given early consideration. The loss per share is cut from a stated 8.77p to 0.47p.

Group turnover moved ahead from £3.85m to £4.24m—principal business is the manufacture and sale of plastic components to the motor, cycle and other industries.

In the course of the year the group acquired Saracen Cycles and Ron Kitchen Group. The results of the latter are included in the figures under review from the date of acquisition last July. In order to finance this expansion, the group raised £1.46m by way of a rights issue.

Mr Aitken says that the purchases have strengthened its position in the cycles and accessories market at home and overseas, but that the reorganisation will not be fully completed until the new range of products takes over from the unprofitable lines in the old range. However, he says, the ability to grow in terms of profit and turnover has now been restored.

The group also announces a contract, conditional upon planning permission, with Canberra Property Group for the sale of land for residential development. Estimated net proceeds would be £286,500.

Operating losses were cut from £516,432 to £36,607 after the exceptional item but before net interest charges of £86,884 (£52,383).

The chairman adds that within the newly created cycle accessory division, new products are being introduced, particularly aimed at the fast-growing mountain bige market.

The old product range, which has remained all but unchanged for a number of years, will continue to be rationalised. Uncompetitive and low margin products will be progressively phased out.

Yearlings down 1⅛%

The interest rate for this week's issue of local authority bonds is 12⅛ per cent, down 1⅛ per cent from last week, and compares with 9⅞ per cent a year ago. The bonds are issued at par and are redeemable on February 12 1986.

A full list of issues will be published in tomorrow's edition.

IFICO poised to fight for East of Scotland

BY ALEXANDER NICOLL

Industrial Finance and Investment Corporation (IFICO), a fast-growing finance company quoted on the USM, is expected to announce plans to more than double its issued capital through a contested bid for East of Scotland Onshore, a specialist energy investment trust.

East of Scotland, managed by Edinburgh-based Quayle Munro, has rejected terms proposed by IFICO in an attempt to secure an agreed bid. But IFICO, advised by County Bank, is understood to be planning to proceed with a hostile bid.

The trust's largest shareholder, with an 18 per cent stake, is London and Manchester insurance group, a noted scourge of thse investment trusts which it sees as underperforming.

East of Scotland, advised by Samuel Montagu, says the terms proposed by IFICO did not reflect its underlying worth and prospects, in the light of a current upturn in the oil services sector. It based this judgment on a report from Smith Rea Energy Associates.

The disposal of the portfolio, planned by IFICO, it argued, would not realise its potential value. The trust's investments, more than half of which are unlisted, include several strategic stakes, of which one of the largest is a 21 per cent holding in USM-quoted Oilfield Inspection Services.

IFICO, which yesterday announced a near-tripling of its interim earnings, derives its income mainly from fees for the procurement of finance for local authorities and companies. It has brought two companies to the USM, including Miss World, and is a licensed deposit taker.

Mr Christopher Norland, managing director, said a disguised rights issue would enlarge IFICO's institutional shareholder base and enable it to expand its activities, including commercial loans. In the planned bid, existing IFICO shareholders would be given the right to take up shares not taken up by East of Scotland shareholders who opted instead to receive cash.

East of Scotland said the terms which it rejected were the equivalent of a rights issue by FICO of more than one-for-one, and comprised IFICO shares at a substantial premium to East of Scotland's asset value, or cash at 100 per cent of asset value.

East of Scotland shares rose 12p to 78p yesterday, compared with its net asset value last November of 67.2p, which valued the company at £6.72m. IFICO shares rose 6p to 186p, valuing the company at £5.89m.

IFICO reported pre-tax earnings of £439,080 (£146,490) for the six months to end-December 1984, on turnover of £1.76m against £735,996. Earnings per share were 7.41p (2.88p) and the interim dividend was maintained at 1p.

Reardon Smith losses hit £2m at half year

Losses of £2.01m were incurred by Reardon Smith Line, Cardiff-based shipping operator, in the six months to end-September 1984, compared with a profit of £468,000. Last year's figure was bolstered by £1.81m profit on disposal of vessels.

Some improvement was recorded in the first half, however, the directors say, which was reflected in lower trading losses of £136,000 against £726,000, on turnover ahead by £559,00 at £2.36m.

Losses per 50p share were stated at 25p, compared with earnings of 6p, and again no interim is being paid. The last dividend was 0.875p in respect of 1981/82. For the year to end-March 1984 the company suffered a loss of £1.79m.

The directors hope that the up-turn in world trade will continue, and will eventually be reflected in an improvement in freight rates. In the dry cargo section of the industry, in which the company is involved, freight rates must improve substantially, they say, before opreating and capital costs can be covered.

Regarding the agreement reached on Celtic bulk carriers chatered-in tonnage, to which reference was made in the financial statements for the year ended March 1984, estimated losses alocated to the memorandum account for the half year amounted to £3.94m.

The sale of the company's head office, Devonshire House, was completed on December 21 1984.

No probes

The Government has decided not to refer to the Monopolies Commission the proposed mergers between Peninsular and Oriental Steam Navigation and Sterling Guarantee Trust; C. H. Beazer (Holdings) and William Leech; Ecclesiastical Insurance Office and St Andrew Trust; and the proposed acquisition of 29.9 per cent of the voting shares in Stylo.

Banro rejects £4.3m bid from C. H. Industrials

BY GORDON CRAMB

A TAKEOVER battle between two manufacturers of vehicle trim and components was set in motion yesterday when a £4.3m bid by CH Industrials received an immediate rejection from the board of Banro Industries.

CHI, which has other interests ranging from chemicals for building purposes to industrial property investment, already controls 7.6 per cent of Banro. It is proposing to acquire the rest through an issue of preference shares valuing each Banro share at 78.75p, although it will provide a cash alternative of 75p.

Banro's shares jumped 15p yesterday to close at 81p, while those of CHI added 1p to 60p.

The companies, which both make car sunroofs, have co-operated in the past and at one stage had a joint venture producing sunroofs for the Triumph TR7.

Mr Tim Hearley, chairman of CHI, said yesterday the companies dealt with much the same customers in the vehicle industry. No immediate moves to rationalise the businesses were planned, but there would be "a period of hard analysis."

Banro, which made pre-tax profits of £513,000 in 1983 on turnover of £24.6m, last July announced the closure of a two-year-old mouldings subsidiary after encountering heavy losses there. CHI achieved taxable earnings of just over £1m in the year to March 1984, when its turnover reached £19.9m.

Mr Hearley said the acquisition would involve no earnings dilution for CHI shareholders—for whom a final dividend of at least 1.66p net is forecast for the current year. Group gearing would also come down by some 5 to 10 per cent, he added.

Banro denounced the offer as "opportunistic and totally inadequate." Mr John Hooper, Banro's finance director, said the principal reason for the bid must be "to exploit our strong balance sheet and low borrowings."

He said the market rating of Banro's shares now stood well above the value of the offer. In any event, Banro could see no commercial logic in a merger.

For every four Banro shares, CHI is offering three 6.65 per cent convertible cumulative redeemable preference shares of £1 each. The cash alternative, underwritten by Kleinwort Benson at par value for the preference shares, can be accepted fully or in part.

Unibond

Dealings in shares of Unibond (Holdings), an adhesives manufacturer quoted on the unlisted securties market, were suspended yesterday at the company's request pending an announcement. Unibond came to the USM a year ago.

Takeover move launched for Charles Hurst

PRIVATELY-OWNED Garvach Securities yesterday launched a £4.32m takeover bid for Charles Hurst, the Northern Ireland motor dealers and repairers—and said it already had command of 58.4 per cent of the company's equity.

Garvach is owned by Mr T. B. F. Thompson, Mr R. J. Gillanders and Mr K. H. Cheever, who have held a 29.2 per cent stake in Hurst since January 1983.

They said yesterday that they had also received irrevocable undertakings to acept their offer covering a further 29.2 per cent of ordinary shares from two directors of Hurst; Mr G. P. C. Thompso and Mr J. L. C. Thompson, together with certain related shareholders.

Hurst last night declined to comment on the bid.

Shareholders are being offered 200p in cash for each 25p Hurst ordinary. Garvach said that compared with a closing price of 150 on January 24, the latest day rior to the announcement that the board of Hurst had received an approach that might lead to an offer. Hurst shares closed last night at 200p, up 10p on the day.

Garvach said the decision to bid followed discussions between Mr Cheevers, a Hurst director, and fellow board members there over the company's future. Garvach intended to develop further Hurst's existing businesses.

Wace Group expected to acquire Dorling Print

BY TERRY GARRETT

Wace Group, the printing company run by youthful managing director Mr John Clegg, is expected to make its first acquisition since his arrival on the board within the next few months.

The likely target is Dorling Print Group, owned by Mr Michael Berry who is a fellow director of Wace and Mr Clegg's mentor in the printing industry.

Mr Clegg and Mr Berry joined the board of Wace together last year following the purchase of a large shareholding in the company by Mr Clegg's cousin, Miss Jayne Wright.

After building up a 23.56 per cent holding in Wace at the end of 1983 Miss Wright, who is now married and living in South Africa, underwrote a much-needed one-for-one rights issue last April injecting more than £600,000 into Wace. She now holds about a third of Wace.

After four years of losses, Wace returned to a small profit in the first half of 1983 under Mr Clegg's direction, with a pre-tax figure of £125,000 compared with a loss of £85,000 in the corresponding period, and a loss of £185,000 fo rthe whole of 1983.

The company has already forecast good profit for 1984.

An agreed offer for Dorling is likely to emerge with Wace's next set of figures, due out in April or shortly afterwards.

The operations of the two companies dovetail well with Wace, concentrating on quality printing for the advertising industry, and Dorling holding a leading position among the country's independent loose leaf printers for the legal and accounting professions. Dorling also has a fairly substantial typesetting unit.

Unlike Wace, Dorling has been consistently profitable in recent years, with pre-tax profits averaging somewhere over £100,000.

The deal will almost certainly be financed entirely by shares, giving Mr Berry about one-third of the enlarged capital and dropping Miss Wright down to the position of second largest shareholder.

Mr Berry will continue to play a leading role in the company's affairs, and a condition of the acquisition would probably be that he retain the Wace shares offered to him. There would not be a vendor placing.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Fashion & General...int.	6	March 1	5	—	9.4
Bank Leumi (UK)	7	—	7	10.15	10.15
Howard Shuttering int	0.7	March 18	0.67*	—	1.17*
IFICO ....int	1‡	April 23	0.85	—	3
Intl. Inv. Jersey sec. int	6	April 9	5.5	10	9
M L Holdings ....int	2	April 10	2	—	7
Newman-Tonks	3.75	March 11	1.28	5.4	6.38¶
R.E.A. Holdings ......int	1	July 1	—	—	2
Unitech ....int	1.96	April 1	1.69	—	4.9

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 15 months.

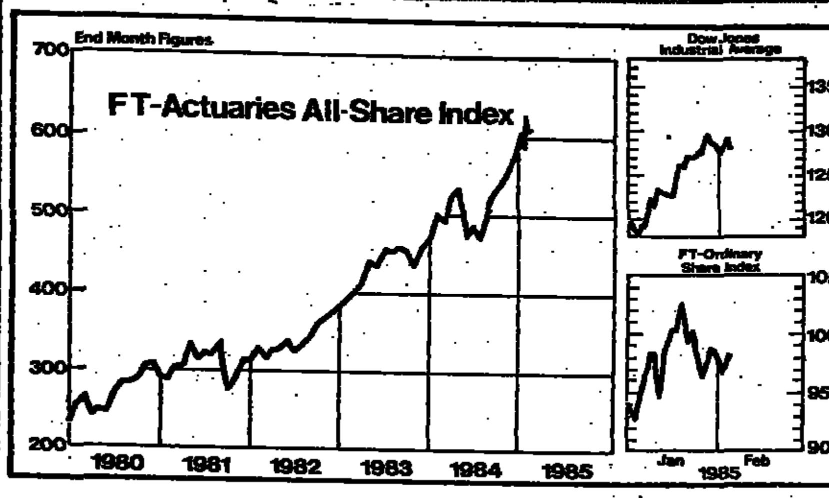
SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Wednesday February 6 1985

Italian rail issue offers added interest rate play, Page 36

KEY MARKET MONITORS



STOCK MARKET INDICES

	Feb 5	Previous	Year ago
NEW YORK			
DJ Industrials	1,293.29*	1,290.08	1,197.03
DJ Transport	626.44*	619.46	535.37
DJ Utilities	150.18*	149.57	131.89
S&P Composite	181.27*	180.35	160.91
LONDON			
FT Ord	982.4	968.3	799.7
FT-SE 100	1,289.1	1,268.2	1,059.8
FT-A All-share	617.67	609.95	483.75
FT-A 500	675.86	666.75	516.45
FT Gold mines	474.3	473.3	583.7
FT-A Long gilt	10.86	10.91	10.21
TOKYO			
Nikkei-Dow	11,823.43	11,891.08	10,134.1
Tokyo SE	917.65	920.50	775.85
AUSTRALIA			
All Ord.	777.2	766.8	776.8
Metals & Mins.	444.9	438.1	547.2
AUSTRIA			
Credit Aktien	61.88	61.33	55.48
BELGIUM			
Belgian SE	2,147.29	2,148.97	–
CANADA			
Toronto			
Metals & Minls	2,186.5*	2,160.8	2,298.0
Composite	2,603.8*	2,588.8	2,455.6
Montreal			
Portfolio	127.88*	126.8	120.41
DENMARK			
Copenhagen SE	n/a	173.50	222.47
FRANCE			
CAC Gen	196.0	195.1	168.1
Ind. Tendance	106.8	106.1	90.4
WEST GERMANY			
FAZ-Aktien	389.42	390.39	370.28
Commerzbank	1,135.4	1,139.2	1,094.5
HONG KONG			
Hang Seng	1,352.47	1,363.22	1,108.54
ITALY			
Banca Comm.	264.38	264.17	229.14
NETHERLANDS			
ANP-CBS Gen	198.2	195.2	174.6
ANP-CBS Ind	156.7	154.6	144.1
NORWAY			
Oslo SE	331.38	326.39	242.67
SINGAPORE			
Straits Times	825.13	828.19	1,071.01
SOUTH AFRICA			
Golds	924.6	919.0	889.8
Industrials	862.8	863.9	973.0
SPAIN			
Madrid SE	114.63	117.41	77.2
SWEDEN			
J & P	1,486.01	1,471.98	1,594.5
SWITZERLAND			
Swiss Bank Ind	411.5	408.8	376.4
WORLD	Feb 4	Prev	Year ago
Capital Int'l	195.6	195.9	184.3

GOLD (per ounce)

	Feb 5	Prev
London	$302.25	$301.75
Zürich	$302.25	$301.10
Paris (fixing)	$300.62	$300.67
Luxembourg	$302.00	$301.10
New York (Feb)	$302.30	$302.10

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Feb 5	U.S. DOLLAR Previous	STERLING Feb 5	STERLING Previous
$	–	–	1.115	1.114
DM	3.227	3.2115	3.5875	3.5825
Yen	259.7	259.35	289.50	289.0
FFr	9.86	9.8125	10.9475	10.935
SwFr	2.742	2.738	3.045	3.0525
Guilder	3.651	3.634	4.055	4.05
Lira	1,980.5	1,971.5	2,199.50	2,196.5
BFr	64.55	64.25	71.65	71.54
C$	1.33485	1.33325	1.483	1.486

INTEREST RATES

	Feb 5	Prev
Euro-currencies (3-month offered rate)		
£	13⅞	13⅞
SwFr	5⅝	5 11/16
DM	6 9/16	6 9/16
FFr	11⅛	11⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅛	9⅛
6-month U.S.$	9 5/16	9 5/16
U.S. Fed Funds	8 11/16*	8½
U.S. 3-month CDs	8.55*	8.6
U.S. 3-month T-bills	8.13*	8.18

U.S BONDS

Treasury	Feb 5* Price	Feb 5* Yield	Prev Price	Prev Yield
9¾ 1987	99 19/32	9.98	99 19/32	9.98
11⅝ 1992	102 9/32	11.18	101 29/32	11.22
11⅝ 1994	102 7/32	11.26	101 25/32	11.31
11¾ 2014	104	11.28	103 21/32	11.32
Corporate				
AT & T				
10⅜ June 1990	98¼	11.15	98¼	11.15
3⅞ July 1990	77¼	9.35	77¼	9.35
8⅜ May 2000	78⅞	11.75	78⅞	11.75
Xerox				
10⅞ March 1993	96⅜	11.25	96⅜	11.25
Diamond Shamrock				
10¾ May 1993	95⅝	11.55	95⅝	11.55
Federated Dept Stores				
10⅜ May 2013	89⅜	11.90	89⅜	11.90
Abbot Lab				
11.80 Feb 2013	99⅛	11.90	99⅛	11.90
Alcoa				
12¼ Dec 2012	99½	12.30	99½	12.30

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	72–24	72–26	72–15	72–13
U.S. Treasury Bills (IMM) $1m points of 100%				
March	91.82	91.83	91.78	91.76
Certificates of Deposit (IMM) $1m points of 100%				
March	91.24	91.26	91.17	91.17
LONDON				
Three-month Eurodollar $1m points of 100%				
March	90.90	90.97	90.89	90.84
20-year Notional Gilt £50,000 32nds of 100%				
March	103–25	103–30	102–31	102–30

COMMODITIES

(London)	Feb 5	Prev
Silver (spot fixing)	552.85p	549.25p
Copper (cash)	£1,269.50	£1,253.50
Coffee (Mar)	£2,392.00	£2,389.50
Oil (spot Arabian Light)	$27.90	$27.90

WALL STREET

Hesitant approach to peaks

FRESH peaks were touched by Wall Street stock markets yesterday, after some initial hesitation, as Mr Paul Volcker, the Federal Reserve chairman, addressed the Senate Joint Economic Committee on the problems posed by the federal deficit, *writes Terry Byland in New York.*

Wall Street expects a far-reaching political debate in Washington this week over the Reagan Administration's budget proposals and their implications for U.S. federal debt.

However, the credit markets edged higher ahead of the auction of three-year Treasury securities.

Turnover in the stock market increased sharply, and prices surged ahead in the opening minutes, leaving the reporting tape several minutes behind.

After breaking through the previous closing peak of 1,292.62 measured by the Dow Jones industrial average, the market turned mixed as profits were taken in the blue chips. But prices moved higher again after Mr Volcker said higher economic growth might not "necessarily" cause tighter federal reserve policies.

However, at the close, the Dow Jones industrial average was 4.85 down at 1,285.23.

Once again, there was support for the broad range of stocks. The Dow transportation average was pushed ahead by gains in rail shares. Airline stocks, with the exception of Delta, $1 higher at $44½, turned down. At $4¾, Eastern held unchanged as the board re-instated wage cuts which have met union opposition.

IBM touched a peak of $138 before turning down to show a net fall of $⅜ at $137¼. Firmer features in computer stocks were Honeywell, $½ up at $63½, and NCR, also $½ higher at $29⅝.

The active list was topped by Phillips Petroleum which rocketed by $2⅛ to $50 after Mr Carl Icahn announced a plan to offer $55 a share for the Phillips equity, promising to complete financing arrangements just one day before the Phillips stockholders' vote on the board's restructuring plan, which prices the shares at $53.

Around 4m Phillips shares traded, indicating the presence of Wall Street arbitrageurs who were left with massive positions when Mr T. Boone Pickens backed off from making a bid for the oil company. Mr Icahn promised that he would not sell out at any price higher than offered to other shareholders.

Speculators continued to buy Unocal stock, which gained $1⅝ to $44 in heavy turnover on speculation that Mr Pickens had switched his attentions to this long-standing bid favourite.

There was further heavy demand for stocks in the Wall Street market firms. Merrill Lynch at $35⅝ added $⅞, with another 2m or so shares changing hands. Phibro-Salomon at $41⅜ put on $⅞.

Among rail stocks, Chicago Milwaukee collapsed by $23¾ to $175 as investors anticipated that the proposed bid from Soo Lines for the Milwaukee rail operation would find official favour.

On the American Stock Exchange, Imperial Group, the UK tobacco company, topped the active list, with its ADRs rising $¼ to $2⅝.

Computer and high-technology issues were active again. Tie Communications, $⅜ up at $8¾, and Wang Laboratories, $¼ higher at $28, were among the better features.

The credit market brightened towards midsession as the auction of $7.25bn in three-year Treasury securities opened. Also soothing the market's nervousness over Federal Reserve policies was an easing in the federal funds rate to 8¼ per cent from an opening of 8 5/16 per cent.

Treasury bill and money market rates showed little change. Longer-dated bonds rose by as much as ½ point, with the price of the key long bond 14/32 up at 104.

LONDON

Money data provide a tonic

INDICATIONS that UK money supply was being held within the authorities' target range provided a tonic later yesterday for equities but less of a stimulant for government stocks.

Leading shares maintained their upward momentum throughout the session, although first reactions to the rise of ¾ per cent in sterling M3 last month were that it was unlikely to foreshadow an immediate cut in bank base lending rates. It did, however, rule out the possibility of any further increase in borrowing costs. The FT Ordinary share index settled 14.1 up at the day's highest of 982.4.

Gilt-edged investors paid less heed to sterling, which finally lost a little ground against the dollar, and committed funds to both short and longer-dated maturities.

Chief price changes, Page 28; Details, Page 29; Share information service, Pages 30–31

SINGAPORE

CONTINUED profit-taking left Singapore broadly lower, with the Straits Times industrial index down 3.06 at 825.13.

Among actively traded issues, TDM added 8 cents to S$3.36 while UOL put on 16 cents to S$2.27 amid speculation that Malayan United Manufacturing's recent purchase of 24 per cent in UOL had raised expectations about the company's future.

HONG KONG

CONCERN over the strength of the U.S. dollar and the outlook for American interest rates left Hong Kong stocks lower. The Hang Seng index shed 10.75 to 1,352.47.

Anxiety over the weakening local currency offset the optimism initially displayed following the relatively high prices achieved at this week's auction of five government land sites.

AUSTRALIA

A BROAD advance was recorded in Sydney, taking the All Ordinaries index up 5.4 to 772.2.

Sharp gains among two high-technology stocks prompted the stock exchange to ask both companies for explanations. Sarich closed 50 cents firmer at A$4.70, after a day's high of A$5, while Newtech added 20 cents to A$2.70.

SOUTH AFRICA

THE continued stability of the international bullion price prompted some demand for Johannesburg gold shares in late trading.

Vaal Reefs rose R2.75 to R176.25 and Kloof 75 cents to R70.50. Among the few losers, Doornfontein shed 25 cents to R30.25.

EUROPE

Foreigners return in force

THE RETURN of foreign buyers to European bourses yesterday gave a fillip to the flagging fortunes of some centres and took Dutch shares to a record high.

Heavy **Amsterdam** trading was fuelled by North American, German and British investors who concentrated their purchasing power on blue chips, particularly those with a high export profile and likely to benefit from currency gains. The ANP-CBS General index added 3 points to a record 198.2.

Trading in Royal Dutch, heavily weighted in the index, was stoked by U.S. buying and took the international Fl 4.70 higher to a new 12-month peak of Fl 194.40. Unilever's continued progress – a gain of Fl 2.90 to Fl 337.80 – took it within a whisker of its 1984–85 high.

Akzo's Fl 1.90 advance to Fl 105.10 was aided by UK and German support, while further traces of American buying were evident in the banking and insurance sectors, with Nat-Ned rising Fl 5.70 to Fl 282.50, now firmly in the upper level of its recent trading range.

KLM, recovering from some of its recent losses engendered by the uncertainty of oil prices, firmed Fl 1.90 to Fl 49.20 ex-scrip.

A lack of demand combined with strong foreign and domestic selling pressure to overpower the bond market for

the second day running, and losses exceeded 50 basis points in places. Interest rate fears continued to plague sentiment.

Monday's **Frankfurt** shakeout spilled over into the early portion of yesterday's trade and took the Commerzbank index down a further 3.8 points to 1,135.4, though by the close most issues had posted gains.

The reaction to interest rate prospects was deemed unduly pessimistic, and buyers returned in force to sweep prices off the low levels plumbed in the previous session.

Builder Holzmann scored one of the best gains of the session with a DM 18 surge to DM 398 while Siemens returned near its peak with a DM 4 to DM 512 after results.

A mixed banking sector was led by Dresdner with a DM 4.50 rise to DM 187.80 while Kaufhof shone in dull stores with a DM 3.30 rise to DM 213.80.

Technology issues attracted more steady support. PKI advanced to DM 691, a rise of DM 17.50, while robot manufacturer IWKA firmed DM 8 to DM 295.

Bonds fluctuated by up to 45 basis points, and the Bundesbank sold DM 12.3m in paper after purchases of DM 100.1m to support the market on Monday.

Firmer **Paris** trading took bank, food, electrical and chemical issues higher. News that the French Government's state loan is being increased by FFr 5bn to FFr 20bn arrived too late to have an impact.

A rebound in **Zurich** was diluted by caution over interest rates. Jacobs Suchard rose SwFr 100 to SwFr 6,400 while Swiss Re managed an equally respectable SwFr 300 advance to SwFr 9,200.

Banks were generally ahead by the close, with Bank Leu up SwFr 10 to SwFr 3,790

Profit-taking turned **Brussels** mixed, with Petrofina down BFr 90 to BFr 7,160. **Milan** gained although Fiat shed L35 to L2,390. Italcementi hit a 12-month high with a L300 surge to L79,000.

Stockholm advanced, taking Volvo to a record high of SKr 303, a rise of SKr 3, while Electrolux gained SKr 6 to SKr 289 on results. **Madrid** suffered a sharp setback.

TOKYO

Liquidation pressures dominate

HEAVY LIQUIDATION pressure forced share prices lower in Tokyo yesterday, although some blue chips were bought, spurred by an overnight rally on Wall Street, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average shed 67.65 from the previous day to 11,823.43. Volume totalled 408m shares, up from 333m on Monday. Falls exceeded rises by a wide margin of 477 to 247, with 166 issues unchanged.

Following the recent price upsurge and record-breaking margin debts, traders predict the market will remain in a liquidation phase for a week or two. It did not react to the yen's further slide to a 27-month closing low of 259.85 to the dollar on the foreign exchanges.

The rise on Wall Street prompted investors to buy some blue chips in early trading. But this did not help to dispel the wait-and-see mood already dominant on the market.

Among blue chips, Sony rose Y120 to Y4,060, TDK Y100 to Y5,460 and Pioneer Y180 to Y3,200.

Instead, trading centred on a limited number of biotechnology and incentive-backed issues. Buying interest in Kuraray revived. The issue, most active with 30.60m shares traded, hit an all-time high of Y1,240 at one stage but closed only Y60 higher at Y1,190.

Dowa Mining, the second busiest stock with 23.47m shares, jumped Y16 to Y710 on the strength of brisk demand for metal powders for compact discs

Trading in Yamanouchi Pharmaceutical, the third busiest stock with 16.97m shares, was temporarily suspended due to a flood of buy and sell orders. The issue gained an early Y150 but came under heavy profit-taking pressure later to finish at Y4,200, down Y100.

Bond prices continued to decline as smaller brokerage houses, discouraged by the weaker yen, offloaded their bond holdings. The yield on the benchmark 7.3 per cent government bonds, maturing in December 1993, rose sharply to 6.690 per cent, from 6.635 per cent the previous day.

CANADA

A BROADLY BASED advance was seen in Toronto, spurred by gains in the management transport sectors.

Inco traded unchanged at C$18⅜ in active turnover, in continued reaction to its return to profitability in the 1984 fourth quarter.

Dome Petroleum, however, shed 16 cents to C$2.55 following Monday's report of a filing for a C$27.1m common share offering.

Montreal also displayed a firmer tone.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16⅛	AAR	.48	2.4	16	204	20¾	20⅜	20⅜	-¼
26	9⅛	AGS			12	91	16¼	15⅞	15⅞	-⅛
17⅞	13⅛	AMF	.50	3.2	88	154	16	15⅝	15¾	-⅛
39⅛	24¾	AMR			9	3301	38⅝	37⅞	38	-¼
20⅜	18¼	AMR	pf2.18	11.		17	19⅝	19⅛	19⅝	
39⅛	27½	AMR	pf2.12e	5.6		259	38½	37⅞	37⅞	-⅜
25⅞	22⅞	ANR	pf2.67	11.		10	25⅛	25⅛	25⅛	
23	19	ANR	pf2.12	10.		392	20⅞	20⅝	20⅝	+⅛
14¾	8½	APL			3	64	11¼	10⅞	11	+⅛
69¾	44¾	ASA	3	6.0		252	50⅛	50	50⅛	+⅛
27	16	AVX	.32	1.3	15	789	24¼	23¾	24	+⅛
48⅛	36¼	AbtLab	1.20	2.5	14	3503	47⅞	47⅛	47½	+⅛
25⅞	16½	AccoWd	s.44	1.8	20	23	25¼	25	25¼	
24½	12½	AcmeC	.40	2.1		633	19⅛	19	19	-⅛
11½	8¼	AcmeE	.32b	3.2	12	61	10⅛	9⅞	10	+⅛
17⅞	15	AdaEx	2.11e	13.		115	16⅝	16⅛	16⅝	+⅛
18⅜	11⅞	AdmMl	.32	1.8	9	14	17⅞	17⅞	17⅞	
19½	8⅞	AdvSys	.6th	6.6	20	197	13	12⅛	12⅛	-⅝
41⅛	25⅞	AMD			15	4357	36⅛	35⅛	35⅛	
12¾	6⅞	Advest	.12	1.2		226	10⅛	9⅞	10	-⅛
13½	8¼	Aerflex			13	129	13⅛	12⅞	13⅛	+⅛
40¼	27¼	AetnLf	2.64	6.4	34	4073	u41⅛	40½	41¼	+1
58¾	52⅞	AetL	pf5.87e	11.		394	55½	55⅛	55⅛	-⅛
32⅛	15¼	Ahmns	1.20	4.1	17	937	30	29¼	29⅜	-⅜
4⅞	2⅝	Aileen			29	24	3	2⅞	2⅞	
49⅛	36½	AirPrd	1.20	2.4	11	634	u50	49	49⅞	+½
26	13	AirbFrt	.60	2.6	13	196	22⅞	22½	22¾	+⅞
2	⅞	AlMoa			27	137	1⅞	1¼	1⅞	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 27

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
7¼	3⅞	ADI	n		21	144	5⅞	5½	5⅝	
3¼	1⅝	ADI	wt			105	2⅜	2⅛	2⅜	
15¼	8¼	AL-Lab	.20	1.7	11	45	11⅝	11½	11⅝	+ ¼
17¼	12	AMC	n .12	.7	12	40	16⅝	16⅜	16½	
5	2⅞	AM	Intl			2029	4⅝	4½	4⅝	− ⅛
75¼	58	ATTFd	n5.52e	7.3		97	75⅞	75	75¼	+ ⅜
6	2⅛	AcmePr			29	25	5⅛	5	5	− ¼
15⅞	8½	AcmeU	.32	2.8	13	67	11½	11	11¼	+ ⅜
17	9⅝	Action			29	216	15⅝	15⅛	15⅛	− ⅝
9¼	3⅞	Acton				89	5¼	5	5	− ⅛
3½	5-16	Acton	wt			15	⅝	9-16	9-16	−3-16
3⅞	1½	AdmRs			3	17	2¼	2⅛	2⅛	+ ⅛
27⅞	15⅞	AdRusl	.14	.5	20	133	27⅝	27⅛	27⅝	
24¼	15	Adobe	.28	1.5	12	116	18⅝	18½	18½	− ⅛
8⅞	4½	Aeronc			8	479	7	6¾	7	+ ½
35⅞	16½	AfilHsp	.44	1.2	15	1	35⅝	35⅝	35⅝	− ⅛
39⅝	25⅝	AfiPb	s		18	144	39¼	38¼	39½	+ ½
9¼	6	AirExp			9	48	7⅞	7⅛	7¼	+ ⅛
14	6⅞	Aircal				183	9	8⅝	8¾	− ⅛
5¼	2⅞	Alamco			7	4	3¼	3⅛	3¼	
75½	60½	AlbaRo	n			38	74¼	73½	74	+ ½
13½	6⅞	AlbeW			9	6	8	8	8	
9¼	5⅞	Alcha			2	27	7⅛	6⅞	7⅛	+ ⅛
19	9½	Alphaln	.05	.4	16	177	11⅝	11¼	11⅝	+ ⅝
1⅝	½	Altex				153	1½	1⅜	1⅜	
⅞	⅛	Altex	wt			10	¼	¼	¼	
38	28⅝	Alcoa	pf3.75	11.		z1100	35	35	35	
25⅞	11	AlzaCp			62	725	25½	24	24½	+ ⅞
19⅝	9½	Amdahl	.20	1.3	19	1446	15¼	14⅞	15	− ⅛
16½	6½	Amedco	.08	.8		63	10¼	10	10	− ⅛

Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 26

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18½	10¾	WyleLb	.32	2.1	10	64	15⅝	15⅜	15½	
21⅞	16½	Wynns	.60	3.0	7	91	20⅜	20	20¼	+ ¼

X—Y—Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
44	33¼	Xerox	3	6.8	18	7847	u44⅝	43¼	44⅜	+ 1⅜
51	45¾	Xerox	pf5.45	11.		33	51	50⅝	51	+ ¼
29	19	XTRA	.64	2.3	10	88	27½	26⅞	27¼	− ¼
29	24	ZaleCp	1.32	4.8	8	62	27⅞	27½	27⅝	+ ⅛
24⅞	14½	Zapata	.84	5.2	13	406	16⅜	15⅞	16⅛	+ ⅛
55¼	28¾	Zayre	.40b	.7	15	665	u57	55½	56¼	+ 1
31⅞	18⅞	ZenithE			8	1372	23⅜	22⅞	22⅞	− ⅝
27¼	18	Zero	.40	1.6	19	x120	25⅝	25¼	25½	
30⅝	21⅞	Zurnln	1.32	4.3	11	247	u31⅛	30⅝	30¾	+ ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Feb. 5	Price Sch%	+ or —
Creditanstalt	229	......
Goesse	385	—1
Interunfall	426	......
Laenderbank	226	......
Perlmooser	348	+1
Steyr-Daimler	167	......
Veitscher Mag	300	—1

BELGIUM/LUXEMBOURG

Feb. 5	Price Frs.	+ or —
B.B.L.	1,800	......
Banq. Int. A. Lux	6,580	......
Bekaert B	4,800	+30
Ciment CBR	2,540	+10
Cockerill	268	+10
Delhaize	6,300	+50
EBES	2,775	—25
Electrobel	8,100	+20
Fabrique Nat	2,100	......
GB Inno BM	2,910	—20
GBL (Brux)	2,030	+15
Gevaert	3,625	—125
Hoboken	5,980	+40
Intercom	2,075	......
Kredietbank	7,740	......
Pan Hldgs	10,600	+100
Petrofina	7,160	—90
Royale Belge	10,050	......
Soc. Gen. Banq	3,250	+30
Soc. Gen. Belge	1,820	+25
Sofina	7,360	+20
Solvay	3,910	+5
Stanwick Intl.	1,470	......
Tractionel	3,910	+20
UCB	4,600	+100
Wagon Lits	2,380	—65

DENMARK

Feb. 4	Price Knr %	+ or —
Andelsbanken	292	—2
Baltic Skand	600	......
CopHandelsbank	296	—2
D. Sukkerfab	540	—5
Danske Bank	293	—1
De Danske Luft	1,140	......
East Asiatic	164	+6
Forenede Brygg	805	......
Forenede Damp	96	+2
GNT Hldg	410	—5
I.S.S.B.	379	+5
Jyske Bank	565	......
Novo Ind	1,710	—30
Privatbanken	246	......
Provinsbanken	299	—4
Smidth (F)	232	—1
Sophus Berend	910	—6
Superfos	457	+8

FRANCE

Feb. 5	Price Frs.	+ or —
Emprunt 4½% 1973	1610	+20
Emprunt 7% 1973	7,410	+11
Accor	254	+1.9
Air Liquide	598	......
BIC	584	+5
Bongrain	1,660	+19
Bouygues	750	......
BSN Gervais	2,378	+28
CIT Alcatel	1,281	+11
Carrefour	1,892	+22
Club Mediter'n	1,200	+4
Cie Bancaire	610	—5
Cofimeg	265	+1.3
Damart	2,350	+50
Darty	1,118	+28
Dumez S.A.	701	+1
Eaux (Cie Gen)	577	+3
Elf-Aquitane	227.1	+1.6
Essilor	2,905	+5
Gen. Occidentale	713	+3
Imetal	82	+0.1
Lafarge Coppee	406.2	+1.7
L'Oreal	2,330	—19
Legrand	2,010	+20
Maisons Phenix	197	+59
Matra S.A.	1,710	—40
Michelin B	808	—7
Midi (Cie)	2,250	—10
Moet-Hennessy	1,956	......
Moulinex	100.4	—0.6
Nord Est	78	+1.1
Pernod Ricard	700	—1
Perrier	468	+1
Petroles Fra	250.9	—0.1
Peugeot S.A.	274	+2
Printemp.Aus	198	+6.5
Radiotech	267	+2
Redoute	1,285	+45
Rousul-Uclaf	1,585	......
Sefimeg	311	+1
SkisRossignol	1,999	—1
Telemech Elect	2,510	+50
Thomson CSF	468	+15
Valeo	260.5	+2.5

GERMANY

Feb. 5	Price Dm.	+ or —
AEG-Telef	112	+0.7
Allianz Vers	1024xr	+4
BASF	178	+1.2
Bayer	187.5	+2.5
Bayer-Hypo	321	+2
Bayer-Verein	325	—1
BHF-Bank	277	......
BMW	359	+8
Brown Boveri	194.5	+3.5
Commerzbank	165.5	+2.7
Cont'l. Gummi	121.5	+0.7
Daimler-Benz	623	+7
Degussa	344	+2
D'sche Babcock	164	+1
Deutsche Bank	394	+1.5
Dresdner Bank	187.8	+4.5
GHH	162	—1
Hochtief	475	—5
Hoechst	184	+0.5
Hoesch Werke	105	+2
Holzmann (P)	398	+18
Horten	169	+1
Hussel	290	+1
Karstadt	210.2	—1.8
Kaufhof	215.8	—3.3
KHD	250.5xr	+1
Kloeckner	77.2	—0.3
Linde	394.8	+3.8
Lufthansa	187	+7
MAN	160	+2
Mannesmann	152	+2.3
Mercedes Hld	540	+11
Metallgesell	231	+0.5
Munech Rueck	1160	—50
Nixdorf	523.5	+7.5
Porsche	1075	+4
Preussag	240	—10
Rhein West Elect	161.8	+0.8
Rosenthal	240	+2
Schering	463.5	+0.5
Siemens	512	+4
Thyssen	93.8	+1.3
Varta	175.5	+1.5
Veba	169.5	+1.7
V.E.W.	122.5	+0.5
Verein-West	309	......
Volkswagen	193.5	+3.4

ITALY

Feb. 5	Price Lira	+ or —
Banca Com'le	18,900	+200
Bastogi-IRBS	185	+6
Centrale	2,949	—41
Credito Varesino	4,420	......
Fiat	2,390	—35
Finsider	66	—0.75
Generali Assicur.	38,950	+100
Invest	2,925	......
Italcementi	79,000	+600
La Rinascenti	598	+17
Montedison	1,465	—21
Olivetti	6,541	+121
Pirelli Co.	4,180	+20
Pirelli Spa	2,289	—21
Snia BPD	2,620	+10
Toro Assic	15,660	......
do. Pref	11,500	+150

NETHERLANDS

Feb. 5	Price Fls	+ or —
ACF Holding	195	+2
AEGON	161	+5.5
Ahold	217	+4
AKZO	105.1	+1.9
ABN	395	+8
AMEV	220.5	+2.5
AMRO	74.7	+1.7
Bredero Cert	169	+1
Bos Kalis Westm.	15.3	+0.8
Buehrmann-Tet	87.5	+0.5
Calland Hldgs	33.2	......
Dordtsche Pet'm	172.5	+3.7
Elsevier-NDU	113.5	+2.5
Fokker	91.7	—1.2
Gist Brocades	179.5	+2.8
Heineken	165.2	+9.4
Hoogovens	62	+1.3
Int Mueller	41.7	......
KLM	49.2xc	+1.9
Naarden	47.5	+0.1
Nat Ned Cert	282.5	+5.7
Ned Mid Bank	179.8	+6.3
Nedlloyd	161.5	+1.7
Oce Grinten	297	+2.5
Ommeren (Van)	28.2	......
Pakhoed	68.2	—0.1
Philips	60	+1.2
Robeco	74	+0.7
Rodamco	136.9	+0.7
Rolinco	67.4	+0.8
Rorento	43.9	+0.3
Royal Dutch	194.4	+4.7
Unilever	357.8	+2.9
VMF Stork	142.5	+0.5
VNU	216	—1
West Utr Bank	103.9	+0.1

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Feb. 5	Price Kroner	+ or —
Bergens Bank	169	—1
Borregaard	410	+10
Christiania Bank	166	—1
DenNorske Cred	167	+0.5
Elkem	141	+2
Kvaerner	193	+5.5
Norsk Data	430	+1
Norsk Hydro	113.5	+6.5
Storebrand	257.5	—12.5

SPAIN

Feb. 5	Price Pts%	+ or —
Bco Bilbao	526	—8
Bco Central	320	......
Bco Exterior	200	—2
Bco Hispano	172	—3
Bco Popular	391	—4
Bco Santander	334	—4
Dragados	166	—1.5
Hidrola	93.2	—3
Iberduero	104	—6.5
Petroleos	166.7	—8.8
Telefonica	129	—6.7

SWEDEN

Feb. 5	Price Kronor	+ or —
AGA	375	+3
Alfa-Laval	202	+1
ASEA (Free)	350	—5
Astra (Free)	415	......
Atlas Copco	115	—1
Cardo (Free)	295	......
Cellulosa	133	......
Electrolux B	289	+6
Ericsson	304	+8
Esselte	325	......
Mo Och Domsjo	280	......
Pharmacia	224	—1
Saab Scania Free	448	......
Sandvik	380	......
Skandia	305	—5
Skan Enski'da	56.5	+1
SKF	192	+1
St Kopparbergs	166	......
Sven Handlesbn.	182	—3
Swedish Match	247	......
Volvo B (Free)	303	+3

SWITZERLAND

Feb. 5	Price Frs.	+ or —
Alusuisse	797	+10
Bank Leu	3,790	+10
Brown Boveri	1,560	+30
Ciba Geigy	2,780	+20
do. (Part Certs)	2,205	......
Credit Suisse	2,430	+20
Elektrowatt	2,700	—10
Fischer (Geo.)	727	+2
Hoff-RochePtCts	98,750	—500
Hoff-Roche 1/10	9,875	—50
Jacobs Suchard	6,400	+100
Jelmoli	1,980	+20
Landis & Gyr	1,630	+10
Nestle	6,200	+130
Oer-Buehrle	1,570	......
Pirelli	283	+1
Sandoz (Br)	7,725	+75
Sandoz (PtCts)	1,307	+7
Schindler (PtCts)	715	......
Sika	1,100	......
Surveillance	4,100	+30
Swissair	1,120	......
Swiss Bank	370	+6
Swiss Reinsce	9,200	+300
Swiss Volksbk	1,485	+10
Union Bank	3,600	+10
Winterthur	3,620	+80
Zurich Ins	19,600	+200

AUSTRALIA

Feb. 5	Price Aust $	+ or —
ANZ Group	4.75	......
Alliance Oil Dev	1.07	—0.01
Ampol Pet	1.75	......
Ashton	0.78	......
Aust Cons Ind	1.91	+0.01
Aust. Guarantee	2.65	......
Aust. Nat. Inds	2.58	+0.03
Aust. Paper	2.5	—0.02
Bell Group	5.2	—0.2
Bell Res	4.55	—0.15
Bond Corp Hldgs	1.25	......
Boral	3.36	+0.05
Bougainville	1.95	+0.07
Brambles Inds	3.68	+0.05
Bridge Oil	2.05	—0.05
B.H. Prop	5.2	+0.08
CRA	5.36	—0.12
CSR	2.98	+0.05
Carlton Utd	4.30	......
Castlemaine Tys	4.65	—0.1
Coles (G.J.)	4.1	......
Comalco "A"	2.35	—0.02
Consolidated Pet	0.47	—0.01
Costain Aust	1.28	......
Dunlop Aust	2.22	......
Elders IXL	3.09xc	+0.03
Energ Res.	1.42	......

AUSTRALIA (continued)

Feb. 5	Price Aust. $	+ or —
Gen Prop Trust	2.18	......
Hardie (James)	3	......
Hartogen Energy	2.25	+0.05
Herald W'yTimes	4.02	+0.02
ICI Aust	2.06	—0.02
Jimberlana F.P.	0.22	—0.06
Kia Ora Gold	0.15	......
Lend Lease	5.66	—0.04
MIM	2.65	+0.07
Mayne Nickless	3.2	+0.05
Myer Emporium	1.95	+0.03
Nat. Aust. Bank	3.68	—0.02
News	12.25	+0.05
Nicholas Kiwi	1.80	......
North Bkn Hill	2.16	+0.01
Oakbridge	0.63	—0.02
Pancont'l	1.1	+0.05
Pioneer Conc	1.74	+0.04
Poseidon	2.7	......
Queensland Coal	1.3	+0.07
Reckitt & Coln	3.2	......
Repco	1.16	+0.03
Santos	5.82	+0.06
Smith (Howard)	3.7	......
Thos. Natwide	2.01	+0.01
Tooth	5.8	......
Vamgas	3.25	+0.02
Western Mining	3.2	......
Westpac Bank	3.53xt	+0.01
Woodside Petrol	0.85	—0.01
Woolworths	3.47	+0.15
Wormald Intl	3.22	......

HONG KONG

Feb. 5	Price H.K.$	+ or —
Bank East Asia	24.1	—0.3
Cheung Kong	13.3	—0.2
China Light	14.7	—0.2
Evergo	1.58	+0.05
Hang Seng Bank	46.5	......
HK Electric	7.75	—0.1
HK Kowloon Wh.	5.85	+0.1
HK Land	4.37	—0.08
HK Shanghai Bk.	8.8	—0.1
HK Telephone	61.5	......
Hutchison Wpa	20	......
Jardine Math	8.65	—0.1
New World Dev	5.5	—0.15
Orient O'seas	2.65	—0.02
Oseas Trust Bk.	2.72	......
SHK Props	9.1	—0.1
Shell Elect	1.86	......
Swire Pac A	23.9	—0.2
TV—B	5.7	......
Wheel'k Mard A.	4.17	+0.02
Wheel'k M'time	1.1	......
World Int. Hldgs.	1.94	+0.02

JAPAN

Feb. 5	Price Yen	+ or —
Ajinomoto	1,060	—50
Alps Electric	2,090	+120
Amada	1,150	—10
Asahi Chem	664	—6
Asahi Glass	852	—10
Bridgestone	520	—11
Canon	1,350	......
Casio Comp	1,770	+30
Chugai Pharm	1,050	—10
Citizen	641	+4
Daiei	632	+2
Dai Nippon Ptg	930	+2
Daiwa House	535	—10
Ebara	344	—5
Eisai	1,700	—70
Fanuc	11,010	—80
Fuji Bank	1,330	—10
Fuji Film	1,760	+30
Fujisawa	1,080	—20
Fujitsu	1,320	—10
Green Cross	1,980	+300
Hasegawa	360	—5
Heiwa Real Est	611	—9
Hitachi	850	......
Hitachi Credit	1,090	......
Honda	1,420	+60
House Food	685	+2
Hoya	2,100	—40
Itoh (C)	337	—6
Ito. Yokado	2,550	—50
Iwatsu	1,400	—40
JACCS	330	+2
JAL	4,920	—260
Jusco	750	—2
Kajima	272	—2
Kao Soap	825	......
Kashiyama	609	......
Kirin	560	+6
Kokuyo	913	+2
Komatsu	449	—7
Konishiroku	720	+20
Kubota	329	+1
Kumagai	572	+2
Kyoto Ceramic	6,600	—90
Maeda Const	465	......
Muakino Milling	1,310	—10
Myakita	1,100	+20
Marubeni	303	—1
Marudai	545	+2
Marui	1,000	—10
MEI	1,510	+40
M'ta Elec Works.	641	+4
M'bishi Bank	1,400	......
M'bishi	526	—4
M'bishi Elec	399	—1
M'bishi Estate	550	......

JAPAN (continued)

Feb. 5	Price Yen	+ or —
MHI	235	+1
Mitsui Co	330	......
Mitsui Estate	631	......
Mitsukoshi	394	+14
NGK Insulators	617	—3
Nihon Cement	223	—2
Nippon Denso	1,400	+10
Nippon Elect	1,160	+10
Nippon Express	335	—1
Nippon Gakki	2,140	+10
Nippon Kokan	136	......
Nippon Oil	831	—1
Nippon Seiko	634	—2
Nippon Shimpan	355	......
Nippon Steel	147	......
Nipppon Suisan	340	—3
NTV	11,550	—200
Nippon Yusen	242	—1
Nissan Motor	608	—2
Nisshin Flour	490	......
Nisshin Steel	170	......
Nomura	897	......
Olympus	1,250	+60
Orient Leasing	3,080	—10
Pioneer	3,080	+60
Renown	563	......
Ricoh	890	+5
Sankyo	1,010	—30
Sanyo Elect	460	—9
Sapporo	400	—5
Sekisui Prefab	560	—10
Seven-Eleven	8,950	+10
Sharp	1,080	+10
Shimadzu	782	—11
Shionogi	705	—5
Shiseido	1,080	......
Sony	4,060	+120
Stanley	885	+2
S'tomo Bank	1,600	—10
S'tomo Elect	915	+7
S'tomo Marine	548	—20
S'tomo Metal	146	—2
Taihei Dengyo	470	......
Taisei Corp	198	—1
Taisho Pharm	1,160	—20
Takeda	785	+5
TDK	5,460	+100
Teijin	440	—10
Teikoku	645	+4
Tokyo Marine	704	—3
TBS	834	+7
Tokyo Elect Pwr	1,610	—30
Tokyo Gas	165	—5
Tokyo Sanyo	700	+5
Tokyo Style	750	—8
Tokyu Corp	329	—4
Toppan Print	855	—4
Toray	440	—10
Toshiba Elect	400	—12
TOTO	632	—9
Toyo Seikan	890	—6
Toyota Motor	1,300	+10
Victor	2,150	+70
Wacoal	720	......
Yamaha	736	+1
Yamanouchi	4,200	—100
Yamazaki	631	—3
Yasuda Fire	352	—3
Yokogawa Bdge.	429	—2

SINGAPORE

Feb. 5	Price $	+ or —
Boustead Hldgs	1.68	—0.02
Cold Storage	2.66	—0.08
DBS	5.85xa	—0.05
Genting	5.4	......
Haw Par. Bros	2.28	—0.05
Hong Leong Fin.	3.28	—0.04
Inchcape Bhd	2.6	—0.01
Keppel Shipyard	1.7	—0.05
Malay Banking	5.85	—0.1
Malay Utd. Ind	2.38	—0.04
Multi Purpose	0.98	—0.01
OCBC	9.45	—0.05
OUB	3.96	......
Public Bank	1.72	—0.03
Sime Darby	1.94	......
Singapore Press	6.5	—0.05
Straits Trdg	4.62	—0.12
Tat Lee Bk	2.84	......
UOB	4.5	—0.08

SOUTH AFRICA

Feb. 5	Price Rand	+ or —
Abercom	1.47	—0.08
AE&CI	7.15	—0.05
Allied Tech	46.5	......
Anglo Am Coal	43	......
Anglo Am Corp	24	+0.5
Anglo Am Gold	166.5	......
Barclays Bank	14.75	+0.5
Barlow Rand	9.95	......
Buffels	67	......
CNA Gallo	2	......
Currie Finance	3.3	+0.1
De Beers	8.68	—0.22
Driefontein	49	+1
FS Geduld	42.5	—0.5
Gold Fields SA	27.5	—0.25
Highveld Steel	4.18	—0.02
Nedbank	8.75	+0.2
OK Bazaars	13.5	......
Protea Hldns	1.3	......
Rembrandt	50	—0.5
Rust Plat	17	......
Safren	12	......
Sage Hldgs	6.5	......
SA Brews	6.1	+0.1
Smith (CG)	19	......
Tongaat Hulett	6.2	......
Unisec	4.5	......

CANADA

TORONTO
Prices at 2.30pm February 5

Sales	Stock	High	Low	Close	Chng
300	Abti Prce	$33½	33½	33½	—⅛
8500	Agnico E	$13¼	13	13	—⅛
800	Agra Ind A	$6¼	6¼	6¼	—⅛
6795	Alt Energy	$20⅝	20½	20½	—⅛
1700	Alta Nat	$15⅝	15½	15½	+¼
100	Algo Cent	$19½	19½	19½	
693	Algoma St	$23¾	23¾	23¾	+¾
16407	Andrs WA f	$24¾	24½	24¾	
875	Argcen	$17	17	17	
5000	Atco I f	$9	8¾	8¾	+¼
1275	BP Canada	$27¼	27	27	—½
13200	Bank BC	$6	5⅞	6	
68840	Bank N S	$14¼	14	14	—⅛
11500	Barrick o	134	133	134	+4
100	Baton A f	$17	17	17	—½
10574	Bonanza R	425	420	425	+5
5200	Bralorne	$5¼	5⅛	5⅛	
2550	Bramalea	$18¼	18¼	18¼	+¼
1500	Brenda M	$11¼	11¼	11¼	+⅛
22346	BCFP	$12	11¾	11⅞	—⅛
30545	BC Res	257	251	252	—3
6220	BC Phone	$22⅞	22½	22½	—⅛
2138	Brunswk	$16⅛	15⅞	15⅞	—⅛
10700	Budd Can	$18¼	18	18½	+½
17550	CAE	$17¼	17¼	17¼	
68	CCL A	$26¼	26¼	26¼	—¼
900	CDistb B f	$6¼	6⅛	6¼	
6020	Cad Frv	$15¼	15	15¼	+⅛
5050	C Nor West	$23⅝	23⅝	23⅝	+⅜
1450	C Packrs	$30¼	30	30¼	+¼
3600	Can Trust	$33½	33⅜	33⅜	—⅛
700	C Tung	$15⅞	15⅞	15⅞	+¼
103	CGE	$61½	61½	61½	
24239	CI Bk Com	$31⅞	31⅝	31⅝	
39926	CTire A f	$10⅝	10⅜	10½	
50076	C Util B	$17⅞	17⅞	17⅞	+⅛
10200	Cara	$11⅝	11½	11½	
1119	Celanese	$7⅞	7⅞	7⅞	
650	Calan 175 p	$17¾	17⅝	17¾	—⅛
2900	C Dsth A	$6½	6¼	6½	+¼
900	CDistb B f	$6¼	6⅛	6¼	
9150	CTL Bank	$11½	11¼	11½	+¼
50	Conventra	430	430	430	
300	Conwest A	$8¼	8¼	8¼	
10169	Coseka R	250	240	250	+10
185	Canron A	$12¼	12¼	12¼	
14306	Crownx	$17¾	17½	17½	
2900	Czar Res	150	146	149	—1
75913	Deon Dev	305	298	300	—10
1875	Deon A	300	285	300	+15
27857	Denison A	$14⅝	14⅛	14⅝	+½
32142	Denison B f	$13⅞	13½	13⅞	+⅜
11035	Develcon	$10½	10¼	10½	+½
3429	Dicknsn A f	475	470	475	+5
29	Dicknsn B	475	475	475	
1200	Doman A	280	280	280	+10
48356	Dofasco A	$29	28⅝	28⅝	+⅛
2000	Du Pont A	$17⅞	17⅛	17⅞	+½
14010	Dylex A	$34⅛	33¾	33¾	
1000	Elcthom X	435	435	435	+5
4650	Equity Svr	$7	6⅞	6⅞	+⅛
1818	FCA Ind	$20½	20¼	20½	+¼
2150	C Falcon C	$18½	18⅜	18½	+¼
10798	Fcnbridge	$95	94⅝	95	+¼
2700	Fardy Res	270	265	270	+13
2000	Fed Ind A	$21⅝	21⅜	21⅝	+¼
200	Fed Pion	$22	22	22	—½
4000	F City Fin	$12	11⅞	12	
1400	Fraser	$18	17⅞	18	—⅛
100	Fruehauf	$19	19	19	
1000	Gendis A	$26¼	26¼	26¼	
3942	Geac Comp	$11⅛	10⅞	10⅞	—⅛
20669	Geocrude	230	222	230	+8
4400	Gibraltar	$10½	10¼	10½	+⅛
5080	Goldcorp f	$5¼	5⅛	5¼	
100	Goodyear	$39¾	39¾	39¾	
100	Graft G	$30½	30½	30½	
2000	Grandma	47	47	47	+4
4400	Granduc	45	45	45	+2
1445	GL Forest	$95¼	93	95¼	+2¾
200	Gt Pacific	$28¾	28⅛	28¼	—⅞
6720	Greyhnd	$25½	25⅛	25⅛	+⅛
1500	H Group A	$7⅜	7⅜	7⅜	
10700	Hrding A f	150	145	145	—5
3825	Hawker	$20¼	20⅛	20¼	
2249	Hayes D	$24⅜	24⅜	24½	+¼
432	H Bay Co	$19¼	19¼	19¼	
22520	Imasco	$52½	51½	52½	+1¼
21700	Indal	$14	14	14	—⅛
14320	Inland Gas	$15½	15¼	15½	+⅛
2902	Intpr Pipe	$34⅜	34¼	34¼	
300	Ivaco B	$19¾	19¾	19¾	
3300	Jannock	$12¾	12⅝	12¾	
2100	Kelsey H	$38½	38	38	
2425	Kerr Add	$18	17¾	17⅞	+¼
13283	Labatt	$25	24⅞	25	+¼
2065	Lac Mnrls	$27¾	27⅝	27⅝	—⅛
9915	LOnt Cem	$12	10¾	12	+1¼
4500	Lacana	$10½	10½	10½	
244	LL Lac	$29¼	29⅛	29⅛	+⅛
3690	Loblaw Co	$20	19⅞	20	
45173	Mclan H X	$25⅞	24⅞	25⅜	+⅝
1333	Merland E	445	440	440	—5
12369	Molson A f	$17⅝	17¼	17⅜	
500	Molson B	$17½	17½	17½	—½
400	Murphy	$20¼	20	20	—½
28550	Nabisco L	$26½	26¼	26½	+¼
53447	Noranda	$20⅞	20⅝	20¾	
2808	Norcen	$14⅝	14½	14½	—⅛
51872	Nva AltA f	$7⅜	7¼	7¼	—⅛
14635	NuWst sp A	68	67	67	
2000	Oakwood	495	485	495	+5
72110	Oshawa A f	$25⅝	25½	25½	
10800	Pamour	440	430	440	
240	PanCan P	$27¼	27¼	27¼	+¼
900	Pine Point	$27⅞	27¾	27¾	+½
1200	Place GO o	105	105	105	
11400	Placer	$25⅞	25¾	25⅞	—⅛
1600	Provigo	$18	17⅞	18	+⅛
100	Que Sturg o	340	340	340	+10
750	Ram Pet	$5½	5½	5½	—⅛
400	Rayrock f	$7⅞	7⅞	7⅞	
4600	Redpath	$33	32⅛	32⅞	+⅛
85200	Rd Stenhs A	$21⅜	20⅞	21⅜	+⅝
2100	Res Serv f	172	170	170	—3
33	Rasm Prp A	110	110	110	—10
2405	Rogers A	$8⅞	8⅝	8⅝	
2600	Roman	$12⅛	12	12	
450	Rothman	$42½	42½	42½	+½
23500	Sceptre	$6	5⅞	6	+⅛
1000	Scotts f	$19	19	19	—⅛
3825	Sears Can	$8	7⅞	8	+⅛
10759	Shell Can	$23	22¾	22⅞	+⅛
17195	Sherritt	$8¼	8	8	—⅛
500	Signtre	$9¼	9¼	9¼	—⅛
3100	Silver B f	$11	10¾	11	+⅛
2800	Southm	$58½	58¼	58½	
4100	St Brodcst	$12	12	12	
58951	Stelco A	$23⅞	23⅝	23⅝	+⅛
1380	Sulpetro	251	250	250	—7
700	Steep R	280	280	280	+5
4	Suncor pr	$23⅞	23⅞	23⅞	—⅛
9000	Sydney o	27½	27	27½	+½
800	Tara	$19⅜	19	19⅜	—⅛
1410	Teck Cor A	$12	12	12	+⅛
70697	Teck B f	$12⅝	12¼	12½	+⅛
3850	Tex Can	$35	35	35	+⅛
4051	Thom N A	$53¾	53¼	53½	+⅛
72558	Tor Dm Bk	$19½	19⅛	19⅜	+⅜
12800	Torstar B f	$19⅜	19	19¼	+½
10335	Traders A f	$22¼	22⅛	22⅛	
190	Trns Mt	$7⅜	7⅛	7⅛	—⅛
3800	Trinity Res	495	465	480	—10
24619	TrnAlta UA	$23⅞	23⅝	23⅞	
2585	TrCan PL	$22⅞	22⅝	22¾	+⅛
76738	Trimac	425	420	420	—5
350	Trizec A f	$24½	24½	24½	
76550	Turbo f	57	47	57	+11
100	Unicorp A f	$8½	8½	8½	+⅛
18596	U Enterprise	$12⅞	12⅝	12⅞	—⅛
1000	U Keno	$9½	9¼	9½	+⅛
1000	Van Der	275	260	275	+35
35500	Versatl A f	$7⅜	7⅛	7⅜	+¼
300	Vestgron	$11½	11½	11½	
3200	Weldwod	$17½	16¾	17½	+1
4500	Westfort o	15	15	15	
38425	Westmin	$12⅛	12	12	
3370	Weston	$81	80½	81	+¼
10218	Woodwd A	$11⅝	11½	11½	—⅛
250	Yk Bear	$10⅜	10⅜	10⅜	+⅛

Total sales: 9,528,505 shares

MONTREAL
Closing prices February 4

Sales	Stock	High	Low	Close	Chng
96706	Bank Mont	$27½	27¼	27½	+⅛
125	CIL	$29⅜	29⅜	29⅜	+⅛
7981	ConBath	$17¾	17½	17⅝	
13876	DomTxtA	$11⅞	11½	11⅝	—⅛
1000	MntTrst	$14¼	14¼	14¼	—⅛
11353	NatBk Cda	$16⅜	16¼	16¼	
11445	Power Corp	$28¾	28¼	28⅝	+¼
400	RollandA	$18⅜	18⅜	18⅜	+⅛
87786	Royal Bank	$31⅛	30⅞	31⅛	+⅛
320	RoyTrstco	$18	17⅞	17⅞	—⅛
160	SteinbrgA	$29⅜	29¼	29¼	+1¼

Total sales: 2,362,468 shares

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

LONDON
Chief price changes
(In pence unless otherwise indicated)

RISES

Tr 10½ 89	£95⅝	+£⅝
Ex 12¾ '17	£115⅝	+£⅝
Tr 2½ I.L. 09	£98⅝	+£⅝
BAT Inds 2%	377	+12
Banro Inds	81	+15
B. McConnell	209	+14
BP	550	+15
Britoil	218	+8
Coats Patons	150	+7
Falcon Resources	522	+42
Fisons	298	+18
Foster Bros	139	+6
Hill Samuel	348	+13
Hurst (Charles)	209	+10
ICI	860	+18
Imperial Group	205	+9
Land Securities	309	+8
Martin (R.P.)	398	+40
Pauls	375	+30
Pilkington Bros	300	+15
RHM	131	+8
Riley Leisure	58	+9
Rowntree Mack	362	+14
TSL Therm. Synd	111	+10
Tootal	78	+15
UEI	176	+13

FALLS

Halstead (J)	84	—8
Sale Tilney	498	—20
Stylo	165	—18
Unitech	265	—25

Continued on Page 36

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 27

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
[illegible]										

WORLD VALUE OF THE DOLLAR every Friday

LONDON STOCK EXCHANGE

MARKET REPORT

More confident tone holds after announcement of money supply figures

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan 28	Feb 7	Feb 8	Feb 18
Feb 11	Feb 21	Feb 22	Mar 4
Feb 25	Mar 7	Mar 8	Mar 18

* "New-time" dealings may take place from 9.30 am two business days earlier.

Indications that UK money supply was being held within the authorities' target range were a tonic later yesterday for equities but less of a stimulant for Government stocks. Prior to the 2.30 pm announcement of the January banking statistics, both sectors had experienced a sudden return of confidence following Wall Street's unexpected turnaround on Monday from early dullness to late buoyancy.

The more optimistic London scene was aided by further views that the concern over sterling had been exaggerated and by the Chancellor's comments on the Government economic strategy. Jobbers took every effort not to get caught short of stock at the low early levels and only a light demand was sufficient to boost values. Buying interest came mainly from professional operators and smaller investors, with the institutions tending to hover on the sidelines.

Leading shares maintained their upward momentum throughout the session, although first reactions to the rise of ¾ per cent in sterling M3 last month were that it was unlikely to foreshadow an immediate cut in bank base lending rates. It did, however, rule out the possibility of any further increase in borrowing costs. Eventually the FT Ordinary share index settled 14.1 up at the day's highest of 982.4.

Gilt-edged investors paid less heed to sterling, which finally lost a little ground against the dollar, and committed funds to both short and longer-dated maturities. The authorities were called upon to supply stock of two of the three tranches made available to the market last Friday. The £100m issue of Conversion 10¼ per cent was exhausted, and part of the £220m tranche of Treasury 12 per cent 1995 was also sold.

Following receipt of the money statistics, Gilt-edged interest faded and quotations began to fluctuate narrowly. After-hours, longer-dated stocks settled ¼ or so below the best but still showed gains stretching to ⅝ on the session. The shorts similarly eased from the highest to close around ⅛ up on balance, while index-linked issues managed rises extending to ¼.

Lloyds Brokers up

Lloyds Brokers led the way higher in Insurances. Renewed consideration of their substantial dollar earnings potential coupled with fresh takeover speculation induced all-round support. PWS International, at 535p, and Derek Bryant, at 435p, gained 15 apiece, while C. E. Heath added 10 at 635p and Willis Faber 9 at 667p. Minet, stimulated of late by revived gossip that St Paul Co's of the U.S. had sold its near-26 per cent stake in the company, rose 5 to 270p.

Publication of the latest banking statistics brought late improvements to the major clearing banks. Barclays closed 5 up at 645p as did Lloyds, at 585p, and NatWest firmed 8 to 668p. Elsewhere, Hill Samuel jumped 13 to 346p as bid hopes revived, while First National Finance Corporation rose 4 to 95p in response to an investment recommendation.

Buyers displayed fresh enthusiasm for Breweries and reversed Monday's losses. Grand Metropolitan, 297p, and Bass, 490p, rallied 7 and 5 respectively, while Allied-Lyons hardened 3 to 176p. Among regionals, Vaux improved 5 to 275p in belated response to favourable comment, while talk of a broker's bullish circular in the offing lifted G. Ruddle 4 to 155p. Distillers attracted late support from Continental sources to close 5 up at 302p.

Gains in the Building sector were generally modest. Blue Circle rose 8 to 488p on overseas earnings considerations, but housebuilder Barratt Developments continued to trade cautiously and slipped to a 1984-85 low of 71p prior to closing 2 cheaper on balance at 72p; the latter's interim results are expected next month. Elsewhere, Howard Shuttering shed 6 to 46p, the satisfactory half-year figures outweighed by the cautious statement. Manders continued to attract buyers and touched 193p before closing a net 4 up at 190p.

ICI opened higher at 847p in the wake of Wall Street's overnight improvement and moved steadily forward on a combination of domestic and overseas demand to close 18 higher on balance at 860p, after 864p. Among other Chemicals, Yorkshire shed 4 to 71p in the absence of any bid developments, while James Halstead, another recent takeover favourite, shed 6 to 84p.

Foster below best

Leading Stores regained composure as investors took a more optimistic view on the future course of interest rates. Burton, 438p, Gussies "A," 693p, and Woolworths, 583p, all recovered 8, while Debenhams rallied 5 to 193p. Elsewhere, Press speculation about an imminent bid from Hepworth saw Foster Bros touch 136p before closing 6 up on balance at 130p. Rowland Gaunt jumped 8 to 51p, after 53p, in response to the bumper annual profits, while improvements of 5 and 17 respectively were seen in Etam, 140p, and Dixons, 552p. Ward White, on the other hand, fell to 208p and closed 5 lower at 215p, following a broker's "take-profits" advice. Among Shoe concerns, Stylo dropped 18 to 165p as recent purchases of the shares by the Ziff family seemed likely to thwart British Land's tender offer. British Land closed 2 dearer at 137p.

With the exception of Thorn EMI, which met with further buying and closed 15 to the good at 440p, leading Electricals traded on a rather subdued note. Revived offerings left Racal 6 cheaper at 202p, after 200p, while Plessey drifted off to close 3 down at 177p. Unitech fell to 260p following interim results at the lower end of market expectations before settling a shade above the worst but still 25 down on the day at 265p. UEI, in contrast, advanced 13 to 176p after a flurry of buying activity. Cable and Wireless put on 8 to 513p, while Chloride were outstanding among smaller priced issues with a rise of 3 to 38p.

Leading Engineers were inclined harder after a relatively slow trading session. Secondary issues, however, recorded several noteworthy movements. Banro Industries jumped 15 to 81p on the surprise offer from C. H. Industrials, while persistent demand lifted IMI 6½ to 103p. Newman Tonks hardened 3 to 102p on the preliminary results and proposed rights issue. Good interim figures left ML Holdings a few pence dearer at 353p.

Selective buying of Foods was directed towards current takeover favourites. Ranks Hovis McDougall, a subdued market of late, revived strongly and rose 8 to 131p, while late demand left Rowntree Mackintosh 14 up at 362p. Maynards gained 20 to 260p in a restricted market, while Meadow Farm touched 370p prior closing a net 18 higher at 348p following a broker's visit.

Pauls higher again

Leading miscellaneous industrials often extended earlier gains by a few pence following the afternoon announcement of the January money supply figures. BTR closed 12 to the good at 649p and Hanson Trust 6 higher at 214p. Glaxo rallied ¼ to £11⅞ and Boots picked up 4 to 173p. Elsewhere, Pauls, up 30 more at 375p, reflected hopes of a higher bid, or a counter offer, following the company's rejection of Harrisons and Crosfield's takeover move. TSL Thermal Syndicate moved up 10 to 111p in anticipation of Fridays preliminary statement, while Bodycote responded to Press mention with a further rise of 4 at 102p. Revived hopes that Dee Corporation may renew its offer left Booker McConnell 14 to the good at 269p. Fisons staged a smart rally with a rise of 18 to 298p, while late buying lifted Turner and Newall 7 to 110p and Christies International 10 to 510p. Initial improved 8 further to 533p awaiting news of the expected report from the Monopolies Commission on the BET offer. Other bright spots took in Pearson, 660p, and Low and Bonar, 290p, both up 10. In contrast, Sale Tilney, a particularly strong market of late, encountered profit-taking and ran back 20 to 498p, but a flurry of bid speculation prompted a gain of 6 to 56p in Burns Anderson. Dealings were suspended in Unibond, at 155p, pending an announcement.

Among Leisure issues, Riley attracted speculative buying on takeover hopes and gained 9 to 58p, while Media Technology rose 14 to 182p ahead of the results expected shortly.

In a mixed Motor sector, Charles Hurst closed 10 up at 200p to match terms of the cash bid from Garvagh Securities. Renewed consideration of the group's overseas earnings potential lifted U.S. favourite Jaguar 5 to 307p, while Dunlop improved a further 1½ to 38p on hopes of an increased offer from BTR.

In Paper/Printings, Ault and Wiborg revived with a late speculative rise of 7 to 47p.

Leading Properties came in for early support following reports of steadily rising City rents. Land Securities figured prominently and rose 8 to 300p, while MEPC moved up 5 to 313p. Hammerson A gained 10 to 505p and Great Portland Estates firmed 4 to 154p. Among secondary issues, Peel Holdings rose 10 more to 296p in a restricted market, while residential property group Mountview Estates gained 15 to 325p.

Still reflecting week-end comment on the Hambros stake in the company, John I. Jacobs rose 3 more for a two-day gain of 7 to 60½p. Elsewhere in Shippings, Milford Docks advanced 4 to 79p, still reflecting consortium bid hopes.

Textiles were enlivened by the bid for Tootal from Australian concern Entrad Corporation. News of the 70p per share cash offer brought an immediate mark-up in Tootal to that level and the shares advanced further on talk of a possible counter bid from Vantona to close 15 higher on balance at 78p, after 80p; Vantona closed 7 up at 290p. Coats Patons rose 7 to 159p and David Dixon added 4 at 144p. Courtaulds also closed 4 up at 144p. Nova (Jersey) Knit, however, lost a couple of pence to 27p on late news of an adjustment to the interim results, which were announced last month.

Tobaccos performed strongly. Imps firmed 9 to 205p, after 208p, ahead of the interim results, scheduled for February 14. Bats responded to Press comment with a rise of 12 to 377p, after 380p, while Rothmans International gained 5 to 200p.

R. P. Martin featured Financial Trusts, rising 40 to 390p, after 398p, on revived takeover speculation. Mercantile House advanced 21 to 363p, while Industrial Finance and Investment put on 6 more to 186p, after 190p, in response to bumper interim profits.

Good gains in Oils

Rises in North Sea oil spot prices gave a fresh boost to the Oil majors which moved ahead smartly from the opening before settling a shade below the best. British Petroleum attained a 1984-85 peak of 555p prior to closing 15 higher at 550p, while Shell advanced to 770p before closing 20 up at 768p. LASMO moved up 11 to 353p and Britoil rose 8 to 218p.

Falcon Resources remained firmly in the limelight among secondary issues; the shares, up 76 on Monday on Colorado drilling hopes, attracted further aggressive buying in front of a company seminar scheduled for today and surged 42 more to a new peak of 522p. Silvermines, which holds a stake in Falcon, gained 10 more to 200p, while Great Western, 255p, and New Court Natural Resources, 50p, both believed to have acreage close to Falcon, gained 25 and 7 respectively. Elsewhere, Saxon rose 15 to 390p on news of two North Sea gas discoveries, while recently overlooked Petranol revived and rose 25 to 230p. East of Scotland Onshore jumped 12 to 78p following a bid approach from Industrial Finance and Investment, while U.S. oil group Phillips Petroleum were marked up 2½ points to $49½ on the $55 offer from Carl Icahn.

REA Holdings rose 6 to 348p in reply to impressive first-half profits which annulled the effects of the proposed £2.3m rights issue.

Golds mark time

The continued strength of the U.S. dollar in international markets again inhibited interest in mining markets. Although bullion put on another relatively encouraging performance to settle $0.5 higher at $302.25 an ounce, South African Golds and related issues marked time throughout the session. The FT Gold Mines Index closed 1.0 up at 474.3.

Cape interest was mainly confined to De Beers, which dipped to 390p as investors there paid heed to bearish comments in the local Press. American buyers appeared later, however, and the close was only 8 off on balance at 400p. Elsewhere in Financials, Gold Fields of South Africa hardened a fraction to £12⅛ following the interim figures, but the Bermudan - registered Minorco reacted on profit-taking and finished 20 cheaper at 720p.

Australians regained some composure as the buoyancy of base-metal markets outweighed renewed pressure on the domestic dollar. CRA rallied 5 to 375p, while MIMS, which has provisionally agreed to sell its 20 per cent holding in the Mount Goldsworthy iron ore operation to Consolidated Gold Fields, hardened 4 to 188p.

Increased demand for both calls and puts boosted contracts struck in Traded Options to 9,213. British Telecom returned to the fore and attracted 1,486 calls, the February 120s and 130s accounting for 298 and 209 trades respectively; BT also recorded 674 puts. The strength of the underlying share price ahead of the forthcoming interim statement stimulated a lively business in Imperial Group which attracted 935 calls.

FINANCIAL TIMES STOCK INDICES

	Feb. 5	Feb. 4	Feb. 1	Jan. 31	Jan. 30	Jan. 29	year ago
Government Secs.	79.63	79.27	79.87	80.09	79.80	78.40	82.56
Fixed Interest	83.50	83.10	83.44	83.79	83.61	82.48	87.22
Ordinary	982.4	968.3	977.5	986.1	986.7	961.2	799.7
Gold Mines	474.3	473.3	482.0	469.8	465.8	446.1	583.7
Ord. Div. Yield	4.39	4.46	4.42	4.38	4.38	4.48	4.51
Earnings, Yld.% (full)	10.97	11.15	11.06	10.96	10.94	11.19	9.51
P/E Ratio (net) (*)	10.95	10.77	10.87	10.97	10.97	10.73	12.86
Total bargains (Est.)	24,608	24,706	26,355	26,499	26,911	35,199	24,007
Equity turnover £m.	—	266.34	296.90	385.61	463.97	431.46	327.43
Equity bargains	—	20,779	19,736	21,406	22,308	25,533	22,787
Shares traded (ml)	—	129.8	145.9	179.2	213.6	212.1	176.9

10 am 975.2. 11 am 974.3. Noon 975.8. 1 pm 978.1.
2 pm 978.4. 3 pm 982.4.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.
Nil=10.60.

HIGHS AND LOWS / S.E. ACTIVITY

—	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low		Feb. 5	Feb. 1
Govt. Secs.	85.77 (9/1/84)	75.72 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains	147.8	154.5
Fixed Int.	87.48 (14/3/84)	80.45 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	134.6	127.9
Ordinary	1024.5 (22/1/85)	755.3 (25/7/84)	1024.5 (22/1/85)	49.4 (26/6/40)	Equities Value	538.3	600.1
Gold Mines	711.7 (9/3/84)	439.5 (25/1/85)	734.7 (15/2/83)	43.5 (26/10/71)	5-day Average Gilt Edged Bargains	156.9	174.0
					Equities Bargains	139.6	150.0
					Equities Value	741.6	829.1

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price
100	F.P.	8/3	136	129	Alexandra Work. 10p	132
§10	F.P.	8/2	13½	12	✠B'nnett&Fount'n 10p	13
§90	F.P.	—	126	112	✠Bluebird Toys 10p	123
§105	F.P.	15/3	106	104	✠Cons. Tern. Invs. 20p	104
**	F.P.	1/2	25	21	Jap. Assets Tst War'nts	22
‖ ‖	F.P.	—	325	305	✠Memcon Intl. 10p	320
§55	F.P.	6/2	67	50	✠Optometrics (U.S.A.)	51
100	75	1/3	81½	77	Pacific Assets Tst. 50p	81
§68	F.P.	13/2	96	82	✠Spafax Television	83
§174	F.P.	1/3	225	200	✠Synapse Comp'r. 5p	220
§95	F.P.	8/3	138	120	✠Whitworth's Food 5p	122
20	F.P.	21/1	25	20½	Williams (Rex) Leis. 5p	25

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock
91.674	£50	10/4	54¼	27	African Dev. Bank 11⅛% 2010
‖	F.P.	22/2	128	108	F. & C. Eurotrust 5¼% Cv. Ln. '95
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock
64	F.P.	8/2	76	69	Bairstow Eves 5p
60	F.P.	15/2	140	105	Burgess Prods
485	F.P.	[illegible]	[illegible]	[illegible]	Carlton Comms
50	[illegible]	[illegible]	[illegible]	[illegible]	Dura Mill 2½p
88	[illegible]	[illegible]	[illegible]	[illegible]	First Castle 10p
160	Nil	[illegible]	[illegible]	[illegible]	McCorquodale
Ir.18	[illegible]	[illegible]	[illegible]	[illegible]	Memory Computer 10p
24	[illegible]	[illegible]	[illegible]	[illegible]	Morris (W.) Fine Arts 20p
255	[illegible]	[illegible]	[illegible]	[illegible]	Pilkington Bros.
38	[illegible]	[illegible]	[illegible]	[illegible]	Premier Cons. 5p
550	[illegible]	[illegible]	[illegible]	[illegible]	Samuelson Grp.
17	[illegible]	[illegible]	[illegible]	[illegible]	Walker (A.) 15p
250cts	Nil	[illegible]	[illegible]	[illegible]	Westpac BA1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▪ Allotment letters or fully paid. ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share. ‡ Comprising one 11 per cent Cnv.Uns.Ln. stk. and one Warrant.

NEW HIGHS AND LOWS FOR 1984/5

NEW HIGHS (155)

AMERICANS (35)
CANADIANS (2)
BANKS (4)
BREWERS (1)
BUILDINGS (4)
CHEMICALS (4)
ELECTRICALS (6)
ENGINEERING (7)
FOODS (3)
INDUSTRIALS (24)
INSURANCE (7)
MOTORS (2)
NEWSPAPERS (5)
PAPER (3)
PROPERTY (4)
TEXTILES (3)
TOBACCOS (1)
TRUSTS (35)
OILS (4)

NEW LOWS (11)

CANADIANS (1)
Grenwich Resources

BUILDINGS (1)
Barratt Dvlpts.

ELECTRICALS (1)
Process Systems

LEISURE (1)
Spectrum

TRUSTS (2)
Stewart Ent. Inv. Frost (J. J. D.)

OILS (3)
Charterhall TR Energy
Southwest Resources

MINES (2)
Australis Mining Cons. Murchison

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	103	0	1
Corpns Dom & Foreign Bonds	29	6	38
Industrials	397	163	865
Financial & Props	219	52	272
Oils	36	28	59
Plantations	7	2	8
Mines	48	37	94
Others	125	30	80
Totals	964	318	1,417

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 4	Feb 15	May 9	May 20
Feb 18	Mar 1	May 30	June 10
Mar 4	Mar 15	June 13	June 24

For rate indications see end of Share Information Service

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 4	Feb 15	May 9	May 20
Feb 18	Mar 1	May 30	June 10
Mar 4	Mar 15	June 13	June 24

For rate indications see end of Share Information Service

Demand for Options contracted from recent buoyant levels, but calls were struck in Falcon Resources, C. H. Bailey, R. P. Martin, Barratt Developments, British Telecom, Boots, Birmid Qualcast, Mercantile House, Ultramar, Johnson and Firth Brown, ICC Oil and Gas, Westland, Chloride, Ocean Transport, Silvermines, Acorn Computer, Mitchell Cotts and Combined Technologies. No puts or doubles were reported.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BAT Inds	377	+12
Booker McConnell	269	+14
BP	550	+15
Falcon Resources	522	+42
ICI	860	+18
Imperial Group	205	+ 9
Martin (R. P.)	390	+40
Shell Transport	768	+20
Stylo	165	−18
Tootal	78	+15
Unitech	265	−25
Ward White	215	− 5

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Falcon Res	50	480	+76
Silvermines	23	190	+20
Bluebird Toys	14	123	—
BAT Inds	13	365	+ 2
BTR	13	637	− 3
BP	13	535	+ 5
Burmah Oil	12	219	+ 7
Good Relations	12	203	− 7
ICI	12	842	− 3
Smith (WH) A	12	192	+ 4
Thorn EMI	12	425	+ 5
Stylo	11	183	− 3
GEC	10	204	—
Midland Bank	10	350	—

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Index No. Tues Feb 5 1985	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Feb 4 Index No.	Fri Feb 1 Index No.	Thur Jan 31 Index No.	Wed Jan 30 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (206)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (36)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (60)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (188)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (45)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (97)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (61)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (483)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (116)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers) (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (52)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (105)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (739)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Tues Feb 5	Day's change %	Mon Feb 4	xd adj. today	xd adj. 1985 to date
British Government					
1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS	Tues Feb 5	Mon Feb 4	Year ago (approx.)
British Government			
1 Low Coupons 5 years	[illegible]	[illegible]	[illegible]
2 Low Coupons 15 years	[illegible]	[illegible]	[illegible]
3 Low Coupons 25 years	[illegible]	[illegible]	[illegible]
4 Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
5 Medium Coupons 15 years	[illegible]	[illegible]	[illegible]
6 Medium Coupons 25 years	[illegible]	[illegible]	[illegible]
7 High Coupons 5 years	[illegible]	[illegible]	[illegible]
8 High Coupons 15 years	[illegible]	[illegible]	[illegible]
9 High Coupons 25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables	[illegible]	[illegible]	[illegible]
11 Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
12 Debs & Loans 15 years	[illegible]	[illegible]	[illegible]
13 Debs & Loans 25 years	[illegible]	[illegible]	[illegible]
14 Preference	[illegible]	[illegible]	[illegible]
15 Inflation rate 5%	[illegible]	[illegible]	[illegible]
16 Inflation rate 10%	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$300	15	5.50	—	—	4	24.50	$302.60
GOLD C	$320	—	—	—	—	10	14	"
GOLD P	$280	—	—	—	—	90	6	"
GOLD P	$300	2	3	—	—	13	11.50	"
GOLD P	$325	11	24.50 A	—	—	—	—	"
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 25,054.

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts Jly.	Puts Oct.
B.P. (*555)	390	170	—	—	1½	—	—
	420	140	—	—	2	—	—
	460	100	105	115	4	10	14
	500	60	70	75	10	20	26
	550	30	38	45	33	40	48
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb.	Calls May.	Calls Aug.	Puts Feb.	Puts May.	Puts Aug.
Imperial Gp. (*206)	160	47	47	52	1	3	4
	180	27	30	34	3	5	8
	200	10	20	25	8	11	15
	220	3	10	14	19	24	26
LASMO (*355)	300	58	67	72	[illegible]	[illegible]	[illegible]
	330	35	48	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Feb. 5. Total contracts, 9,213. Calls 6,267. Puts 2,946.
* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

1984-85 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102¼	99⅞	Exch. 12pc Cnv. '85	99⅞	.....	12.04	14.32
97⅝	93⅞	Treas 3pc 1985	97½	+⅛	3.08	12.04
102¾	99¼	Treas 11½pc 1985	99⅞	+⅛	11.54	12.28
99¼	96⅞	Treas 8¾pc Cnv '85	98⅞xd	+⅛	8.92	12.14
104⅛	99½	Exch. 12¼pc 1985	100⅜	+⅛	12.23	11.98
103⅞	99⅞	Exch. 11¾pc '86	99⅞xd	+⅛	11.78	11.85
102⅞	96⅛	Treas. 10pc Cnv 1986	97⅞	+⅛	10.22	11.93
93¾	88¼	Treas 3pc 1986	93¼	+¼	3.22	8.56
102	96¼	Exch. 10½pc Cv '86	98⅜	+⅛	10.67	11.87
104⅛	99⅞	Treas 12pc 1986	100	+⅛	12.00	11.95
98⅛	93⅞	Treas 8½pc 1984-86‡‡	96⅛	+⅛	8.83	11.38
108⅞	102⅞	Exch. 14pc 1986	103⅞	+⅛	13.55	11.76
89⅞	85	Exch. 2½pc 1986	88⅝	+¼	2.81	9.46
107⅞	100⅞	Exch. 13¼pc 1987	102½	+⅛	12.93	11.77
100⅞	94½	Treas 10¼pc Cv '87	97⅛xd	+⅛	10.52	11.72
87⅛	83⅛	Exch 2½pc 1987	86⅞xd	+⅛	2.89	9.91
101⅞	94½	Exch. 10½pc 1987	97⅛	+⅛	10.87	11.85
92⅛	87	Funding 6½pc '85-87‡‡	90⅜	+⅛	7.19	11.49
99⅝	92⅞	Treas. 10pc 1987	96⅛	+⅛	10.38	11.82
86⅛	81⅞	Treas 3pc 1987	85½	+⅛	3.51	9.85
105	97¼	Treas. 12pc 1987	100¼	+⅛	11.96	11.80
94⅞	87⅞	Treas 7¾pc 1985-88‡‡	91⅞	+⅛	8.48	11.24
100¼	92⅞	Exch 10½pc '88	96⅜	+⅛	10.89	11.86
98⅞	89⅞	Treas 9¾pc Cv '88	94⅛	+⅛	10.33	11.81
82⅞	77	Transport 3pc '78-88	81⅛	+⅛	3.69	9.4
96⅞	88⅞	Treas. 9½pc '88	92⅞	+⅛	10.22	11.88
106⅛	94⅞	Treas 11½pc 1989	99⅛xd	+⅛	11.60	12.79
96⅞	87⅞	Treas 9½pc Cnv. '89	92⅜	+⅛	10.28	11.84
99⅝	90⅞	Treas 10½pc 1989	95⅞	+⅛	10.99	11.81
100⅞	88⅞	Exch.10pc 1989	93⅞	+⅛	10.69	11.94
101⅛	94⅛	Exch 11pc 1989	96⅞	+⅛	11.39	11.95
85⅛	77½	Treas 5pc 1986-89	80⅛	+⅛	6.22	10.38
114⅛	100⅞	Treas 13pc 1990‡‡	104⅞	+⅛	12.41	11.90
		Five to Fifteen Years				
110⅞	100⅞	Exch. 12½pc 1990	107⅛	+½	12.19	11.81
94⅛	84⅞	Treas 8¼pc 1987-90‡‡	89⅞	+⅛	9.30	11.10
98⅞	90⅞	Treas. 10pc Cv 1990	95	+⅛	10.85	11.92

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
280	220	Young Brew 'A' 50p	225	−15	†5.5	2.0	3.5	20.1
180	120	Do. Non. V. 50p	145	.....	†5.5	2.0	5.4	12.9

BUILDING, TIMBER, ROADS

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
261	186	AMEC 50p	257	.....	†10.0	2.4	5.6	9.8
202	157	Aberdeen Const.	194	.....	†6.5	2.7	4.8	10.0
202	164	‡Access Satellite 5p	202	+2	s2.0	2.5	1.4	39.4
31	15	Allied Plant 5p	22	.....	8—	—	—	—
35	22	‡Amco Ind Hldgs	22	.....	—	—	—	—
77	38	Amcliffe 10p	41	.....	‡2.66	2.1	‡	6.1
*111	81	Attwoods	88	+1	3.5	1.8	5.7	15.4
397	232	BPB Inds. 50p	258	+3	†7.0	3.5	3.9	9.3
220	124	Baggeridge Brick	214	.....	6.25	3.7	4.2	9.2
45	27	Bailey (Ben) 10p	27	.....	1.8	2.9	9.5	4.9
82	20	Baldwin (H.J.) 10p	30	.....	—	—	—	11.8
188	71	Barratt Dev. 10p	72	−2	7.62	1.7	15.1	4.7
162	115	Bellway	131	.....	7.0	2.0	7.6	8.7
77	55	Benford M. 10p	65	.....	3.75	1.2	8.2	14.8
153	96	‡Berkeley Group	150	.....	s3.6	2.6	3.4	16.0
63	45	Bett Bros. 20p	58	.....	3.1	♦	7.9	♦
*606	349	Blockleys 20p	565	.....	s21.0	2.5	5.3	14.5
520	355	Blue Circle £1	480	+8	19.0	2.9	5.6	7.0

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Misc.)

INDUSTRIALS—Continued

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
64	43	Magnolia Group	48		2.5	3.2	7.4	4.7
64	28	‡Mammet Hldgs 10p	40	−2	—	—	—	—
270	157	Man. Ship Can £1	257	−1	5.5	3.5	3.1	13.2
104	65	Marley	99	+1	†3.2	2.5	4.9	10.5
61	40	Marling Ind. 10p	59	+½	†d3.0	5.6	3.1	6.9
46	29	Marshall L'ey 'A'	40		†1.2	3.6	—	(7.1)
77	37	Marshall's Universal	72		H1.75	—	3.5	21.7
89	77	Do. 7½pcCnRedPf £1	82		7½%	—	13.1	—
30	20	Martin-Black	22#		—	—	—	—
£108	£83	Mathesons 7¾%	£85		Q7¾%	2.3	9.2	—
432	287	Metal Box £1	415	+3	†15.0	3.2	5.2	6.7
220	129	Metal Closures	153	+3	6.3	2.3	5.9	(8.5)
27	9	‡Metal Sciences 2½p	10	−2	—	—	—	—
133	83	‡Midland Marts	86	−4	4.0	1.8	6.6	10.9
84½	45	Mitchell Cotts	82½	+½	4.0	1.5	6.9	11.7
196	132	Morgan Crucible	195		†7.5	1.2	5.5	(19.7)
36	24	‡Morris (W) F.A. 20p	25	+½	bq0.5	4.0	2.9	23.8
110	80	Moss (Robt.) 10p	100		¢2.5	2.3	3.6	14.5
330	197	‡NMW Computers	275		6.0	3.0	3.1	15.3
65	38	Nash Inds.	40		2.5	1.5	8.9	9.2
47	30	Neil & Spencer 10p	46	+1	—	—	—	19.8
33	13	Newman Industries	22	+4	—	—	—	(12.4)
37	16½	Do. 10pc Cn.Cnv.Pf.	21½		10%	—	6.6	—
67	39	Nolton	54		g1.1	4.5	2.9	9.1
183	132	Norcros	164		†7.5	2.4	6.5	8.7
86	55	Nu-Swift 5p	58		†2.4	3.2	5.9	7.6
100	50	Oakwood Grp.	90xd		4.5	♦	7.1	♦
190	135	Office & Elect.	152		7.5	4.2	7.0	7.0
[illegible]								

LEISURE—Continued

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
288	182	LWT "A"	267		14.4	2.3	7.7	[illegible]
75	42	Leisuretime Int 10p	57		†1.8	1.3	4.5	[illegible]
160	98	Mnpon Ag. M 10p	160		8.75	1.2	7.8	[illegible]
184	118	‡Media Tech Int 20p	182	+14	sq2.58	3.9	2.0	[illegible]
137	76	Medminster 10p	127		4.85	2.6	5.5	[illegible]
220	138	‡Miss World 10p	215		†3.0	3.5	1.9	[illegible]
26	15	‡Nationwide Leis.	25	+½	0.25	2.8	1.4	[illegible]
46	9	‡Norsdo Int 20c	24	+1	—	—	—	
31½	14½	‡Owners Abroad	22		0.75	6.1	4.9	[illegible]
66	33	Photax (Lon.)	40		—	—	—	
29½	20	‡P'dilly Radio NV 5p	24xd		1.87	♦	11.1	[illegible]
190	57	‡Pineapple Dnc 5i 10p	70		d1.5	♦	3.1	[illegible]
430	285	Pleasurama 5p	420	−5	Hq9.2	4.7	3.1	[illegible]
17½	10½	‡Pres Entertam 10p	16½		*2.0	2.0	3.6	[illegible]
158	43	‡Radio City 'A' NV	49	−5	5.6	0.9	18.6	[illegible]
70	48	‡Radio Clyde N/V	48		3.25	2.0	9.7	[illegible]
148	30	Riley Leisure 10p	58	+9	‡4.2	2.4	‡	[illegible]
166	94	Saga Hols. 20p	164		†3.75	1.6	3.3	[illegible]
£10½	111	Samuelson Grp £1	£10xr		†9.0	3.6	1.3	[illegible]
32	18	‡Sangers Photo 10p	29		b2.0	1.1	9.9	[illegible]
163	138	‡Scacro 50p	153		bq3.68	2.2	3.4	[illegible]
190	98	Scott. TV 'A' 10p	154		†8.1	2.9	7.5	[illegible]
421	186	SeaCo Inc $0.125	405	+2	—	—	—	—
35	10	‡SelecTV 10p	13		—	—	—	—
145	117	‡Spectrum 5p	117	−1	g2.0	4.8	2.4	[illegible]
37	24	TSW 5p	29		1.5	2.6	7.4	[illegible]
157	79	TVS N/Vtg 10p	142		6.0	♦	5.2	[illegible]
[illegible]								

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]							
75	31	‡Anglo Utd. Dev.	44		—	—	—
410	210	‡Centennial Min'ls.	275	−5	—	—	—
175	70	‡Colby Res Corp.	70		—	—	—
955	450	Cons. Murch. 10c	450	−25	†Q100c	1.4	9.3
37	25	‡Emmex Int. Ir10p	35	+1	—	—	—
252	150	Hampton Areas 10p	192	+2	3.75	2.1	2.6
225	140	‡Highwood Res.	180	+5	—	—	—
£24½	£16	Homestake Mining $1	£20¾	−⅛	Q20c	—	0.9
295	135	‡McFinley Red Lake	215		—	—	—
240	101	‡Mnsto Explorations	235	−5	—	—	—
55	23	‡New Sabra Res C$1	24	−1	—	—	—
365	220	Northgate C$1	325	+10	—	—	—
718	500	RTZ	637	+4	†18.0	2.7	4.0
£155½	£113½	Do. 9½pcLn '95-2000	£137½		Q9½%	35.4	0.1
£13	850	‡Tara Expln $1	£12½		—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- \# Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	90	..	Arnott	152	..
Craig & Rose £1	£11	..	CPI Hldgs	57	..
Finlay Pkg. 5p	61	...	Carroll Inds.	101	+1
Higsons Brew	110	+2	Dublin Gas	65	...
Holt (Jos) 25p	840		Hall (R. & H.)	47	...
IoM Stm. £1	135		Heiton Hldgs.	16	...
IRISH			Irish Ropes	35	...
Exch. 12% 1985	£99	...	Jacob (W.& R.)	65	...
Nat. 9¾% 84/89	£94		TMG	100	
Fin. 13% 97/02	£89¾		Unidare	83	

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
Babcock	14	ICI	60	Brit Land	12
Barclays Bank	48	"Imps"	18	Cap Counties	18
Beecham	32	Jaguar	28	Land Secs	25
Blue Circle	45	Ladbroke	24	MEPC	28
Boots	15	Legal & Gen	50	Peachey	22
Bowaters	20	Lex Service	28	Samuel Props	14
Brit Aerospace	33	Lloyds Bank	45	Sterling Guar.	5½
Brit. Telecom	11	Lucas Inds.	25	**Oils**	
Brown (J.)	3	Marks & Spcr	11	Brit. Oil & Min	4
Burton Ord	39	Midland Bk	30	Brit Petroleum	42
Cadburys	14	NEI	8	Burmah Oil	18
Comm Union	19	Nat West Bk	68	Charterhall	6
Courtaulds	12½	P & O Dfd	36	Premier	5
Debenhams	17½	Plessey	17	Shell	60
Distillers	28	Polly Peck	26	Tricentrol	18
Dunlop	6	RHM	11	Ultramar	19
FNFC	8½	Rank Org Ord	32	**Mines**	
Gen Accident	45	Reed Intnl	50	Charter Cons	18
Gen Electric	17	Sears	8	Cons Gold	44
Glaxo	85	TI	20	Lonrho	14
Grand Met	25	Tesco	20	Rio T Zinc	56
GUS 'A'	60	Thorn EMI	35		
Guardian	68	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

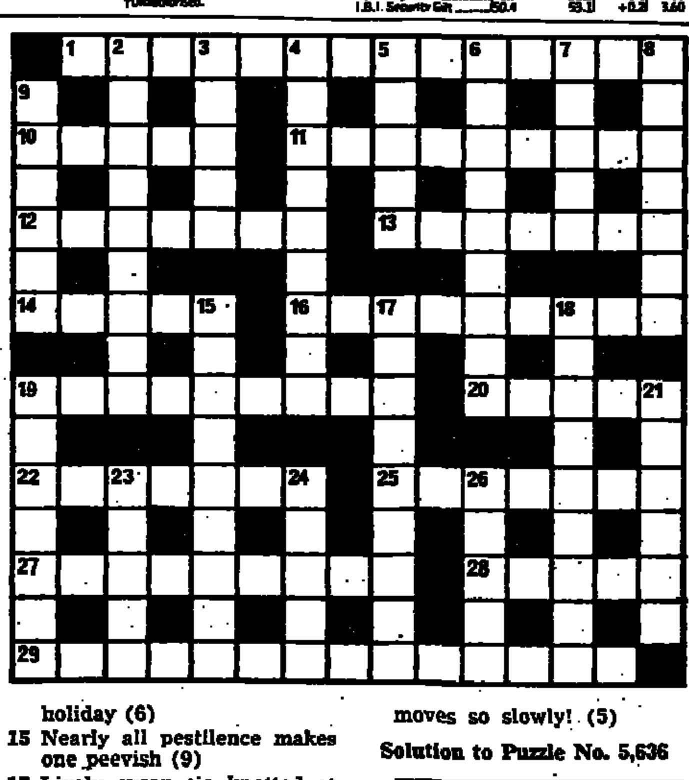
"Recent Issues" and "Rights" Page 35

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,637



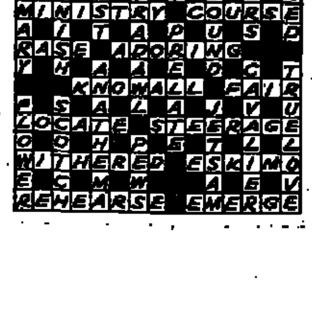
ACROSS

1 Attractive revolver of late—I cheer when it goes off (9-5)
10 First person on hand is a model (5)
11 Maurice up in France. . . . (9)
12 . . . sort who puts his foot in it (7)
13 First of England's two trees? Rubbish! (3-4)
14 Garner—a hunk! (5)
16 Diamond companies' stock frozen herein (3-6)
19 Testing task here—bell does not begin to turn in peal (9)
20 King to disregard backward island (5)
22 What ripping fish! (7)
25 Golly! a week is short for a flier (7)
27 Narrow study rather austere (9)
28 Deceit in article that is repugnant (5)
29 Con no court will convert—or civil official (4-10)

DOWN

2 States things? (9)
3 Of a body's depression that starts hilariously? (5)
4 Quality of picture function? (9)
5 I, caught in snow, made a fist once (5)
6 Lo! Ahab wet when its capsizes (5-4)
7 Girl from USA taking the morning off (5)
8 Trees in the popular chestnut bed (7)
9 If seat collapses, call it a holiday (6)
15 Nearly all pestilence makes one peevish (9)
17 Lively green tie knotted at college opening (9)
18 As congenial as Romeo perhaps? (9)
19 Year between Bobby and Tom, the mimic (4-3)
21 Gardening family in newspaper (6)
23 Internal trend we overturn and bring up to date (5)
24 So long as there is decline in gold . . . (5)
26 . . . trouble with tin, it moves so slowly! (5)

Solution to Puzzle No. 5,636



INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet 01-440 8210
Fund Managers, Touche Remnant & Co

Sel Sec A	26.5	28.0	
Blue Chip	22.4	23.6	
Fixed Yield	19.5	20.6	
Deposit Fund	16.0	16.9	
Managed	20.9	22.1	
International	28.8	30.4	
Property	17.0	17.9	
Pacific	22.2	23.4	
Equity	16.1	17.0	
Special Sits	25.1	26.5	
Int Currency	14.0	14.8	
Index Linked Secs	10.9	11.5	
American	23.9	25.2	

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent Medway 812348

LACOP Units	14.83	15.57	

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202

Multi Gwth Feb 6	£314.176		+8.20	—
Multi Gwth "A" Feb 6	282.7	297.6	+6.8	—
Op 8 Prop Jan 31	263.6	277.5		—
Op 8 Equity Feb 5	374.0	393.7	+3.5	—
Op Hy Jan 31	266.1	280.2		—
Op 8 Man Jan 31	346.6	364.9		—
Op 8 Dep Feb 4	201.4	212.1		11.82
Op 8 Bond Jan 31	187.9	197.8		Jan
Op 8 Inc Dist Jan 31	143.4	150.9		8.040
Op 8 Int Man Jan 31	215.1	226.5		
Op 8 US$ Jan 31	169.4	178.4		12.12
Pens. 8 Pr Ac Jan 31	347.7	366.1		—
Pens 8 Eq Ac Jan 31	1067.6	1123.8		—
Pens 8 FI Ac Jan 31	386.4	406.8		—
Pens 8 Md Act Jan 31	617.9	650.5		—
Pens 8 Dp Acc Jan 31	322.1	339.1		—
Pens8Gart Globe Jan 31	114.1	120.2		—
Pens 8 Gart NA Jan 31	107.2	112.8		—
Pens8GartP Jan 31	121.8	128.3		—

For Pensions Capital Units please ring extension 519

Britannia Funds—Series A

Am Smlr Co's	139.2	146.6	+1.1	—
Am Spec Sits	165.2	173.9	+0.7	—
Commodity	85.1	89.6	−0.5	—
Extra Inc	116.7	122.9	−0.5	—
Far East	116.7	122.9	−1.0	—
Fi Secs	157.8	166.2	−1.2	—
Gold & Gen	74.7	78.7		—
Inc Growth	159.1	167.5	−1.2	—

National Provident Institution
48, Gracechurch St. EC3P 3HH 01 623 4200

Managed	200.1	210.7	+1.1
UK Equity	230.0	242.2	+2.0
Overseas Eq	209.2	220.3	+1.6
American	213.6	224.9	+2.2
Far East	180.3	189.8	+0.5
Property	112.4	118.5	
Fixed Int	158.7	167.1	+0.4
Indexed Gilt	106.1	111.7	+0.1
Deposit	114.2	120.3	

Pension Fund Prices

Man. Initial	202.0	212.7	+0.9	
Man Acc	224.9	236.8	+1.0	
UK Eq. Initial	216.2	227.6	+1.2	
UK Eq.	237.6	250.2	+1.3	
Overseas Eq. Initial	232.0	244.3	+1.2	
Overseas Eq.	267.6	281.7	+1.4	
American Initial	246.5	259.5	+3.8	
American	272.2	286.6	+4.0	
Far East Initial	230.8	243.0	+0.4	
Far East	255.6	269.1	+0.5	
Prop. Initial	108.3	114.0		
Prop.	119.6	125.9		
Fixed Int Initial	142.1	149.6	+0.4	
Fixed Int.	156.3	164.6	+0.5	
Indexed Gilt Initial	99.3	104.6	+0.3	—
Indexed Gilt	109.9	115.7	+0.4	
Deposit Initial	113.0	119.0		—
Deposit	125.4	132.0	+0.1	—

NPI Pensions Management Ltd.

Managed Fund	562.0	576.4	

Prices Jan 2. Next dealing March 1

New Zealand Insurance PLC
110/114, Boxter Avenue, Southend. (0702) 348555

Kiwi Key (Managed)	372.9	384.4		—
UK Equity	167.5	176.1	−0.2	—
American	273.6	288.0	+0.4	—
Pacific	385.0	405.2	−4.2	
Property	153.3	161.3		—
Gilt	176.1	185.4	+0.3	—
High Inc. Equity	158.4	166.7	−0.4	—
High Inc. Fxd. Int	101.1	106.4	−0.5	—
Deposit	150.2	158.2	+0.1	—
Index-Linked Gilt	102.1	107.5	+0.3	—

Norwich Union Insurance Group
PO Box 4; Norwich NR1 3NG 0603 22200

NUIG (Managed Funds) Ltd.

Managed Fund	523.6	551.1	+3.9	—
Equity Fund	980.0	1,031.6	+9.7	—

OFFSHORE AND OVERSEAS

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.60		−0.08	—

Inv Adv: M. & G. Inv Mngt., Ltd., London

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com. Fund	12.7	13.2	3.10
Chinese Fund	58.8	61.2	1.70
Precious Metal Fund	71.4	74.3	8.30
Vanguard Cmdy. Fd	19.8	20.4	0.00
Financial Futures Fd	32.5	33.8	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd	$8.71		−0.13

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
The Money Market Trust — 63 Qn Victoria St, EC4N 4ST 01-236 0952				
Call Fnd	13.86	14.42	6-mth	Call
7-day Fnd	13.69	14.23	6-mth	7-day
Oppenheimer Money Management Ltd — 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	13.75	14.22	6-mth	Call
7-day Fund	13.93	14.41	6-mth	7-day
Money Mngt Acct	13.62	14.33	3-mth	Call
Dollar	7.25	7.38	6-mth	2-day

Money Market Bank Accounts

	Nom	APR	Int Cr	Notice
Aitken Hume — 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	13.00	13.65	Qtr.	Call
Mth. Int. Chq	12.75	13.52	Mth	Call
Bank of Scotland — 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc.	12.30	13.02	Mthl	Call
Barclays Prime Account — PO Box 125, Northampton 0604 252891				
High Int Cheque	12.50	13.10	Qtrl	Call
Britannia Grp of Investment Companies — 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	13.50	14.36	Mthl	Call
Charterhouse Japhet plc — 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	13.25	14.085	Mth	Call
U.S. Dollar	7.50	7.763	Mth	Call
German Marks	5.0	5.116	Mth	Call
Swiss Francs	2.0	2.018	Mth	Call
Japanese Yen	5.0	5.116	Mth	Call
Co-operative Bank — 78-80 Cornhill EC3 01-626 6543 Ex 464				
Under £1,000	12.00	12.55	Qtr	Call
Over £1,000	14.00	14.75	Qtr	Call
Dartington & Co Ltd — Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	13.50	14.20	Qtr	Call
Henderson/Bank of Scotland — 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	12.30	13.02	Mth	Call
Lombard North Central PLC — 17 Bruton St, W1A 3DH. 01-409 3434				
Notice Dep.	12.75	13.15	Rate	14-day
M & G/Kleinwort Benson — 91-99 New London Rd. Chelmsford. 0245 51651				
High Int Cheque Acc	13.25	14.10	Daily	Call
Midland Bank plc — PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	12.60	13.20	Qtr	Call
Provincial Trust (formerly Choularton) — 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011				
Cheque Acc	14.00	14.93	Mthl	Call
Save & Prosper/Robert Fleming — 28 Western Rd, Romford RM1 3LB. 0708 66966				
High Int. Bk. Acc.	12.66	13.50	Daily	Call
Premier Acc.	12.66	13.50	Daily	Call
Tyndall & Co — 29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	13.27	13.95	Qtr	Call
Money Acc	13.375	14.06	Qtr	Chq7
J. Henry Schroder Wagg & Co Ltd — Enterprise House, Portsmouth 0705 827733				
Special Acc.	13.50	14.37	Mth	Call
Over £10,000	13.75	14.65	Mth	Call

NOTES: Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

UK rejects call to allow milk imports

BY RICHARD MOONEY

THE UK GOVERNMENT has told the EEC Commission it is not prepared to allow imports of pasteurised milk from other member states until a strict Community-wide scheme ensuring adequate public health standards put in place.

In its reply to a commission "reasoned opinion," issued in December, that British veterinary and health regulations ruling out sales of foreign pasteurised milk were probably contrary to EEC regulations, the Government insisted yesterday that strict public health controls were necessary.

It rejected the Commission's call forthe ban to be lifted and replaced by a national regime on health standards.

A Milk Marketing Board official agreed last night that a national regime would be no substitute for enforcement of unified hygiene rules on all production throughout the Community.

Under a national scheme, controls on imported milk would have to be limited to spot checks, he said. If every litre imported were tested, all the milk would have gone off by the time the results came through.

He noted thta discussions on drawing up a community hygiene scheme had been going on for more than 10 years.

The issuing of the commission's reasoned opinion was seen in Brussels as a prelude to the opening of formal legal proceedings. If such proceedings were successful the UK dairy industry could face substantial competition from EEC producers.

Britain has already been forced to allow imports of UHT (ultra heat treated) milk following a successful commission action. This has resulted in only small shipments so far but a similar European Court ruling on pasteurised milk could have much more serious implications.

Lower sugar output 'only way to raise world prices'

BY OUR COMMODITIES STAFF

WORLD SUGAR prices will recover from their depressed levels only if output is cut, either deliberately or as a result of low crops, London broking firm E. D. & F. Man says in its monthly market report.

Man says there is no reason to expect a surge in demand as sugar consumption has been remarkably inelastic in recent years.

Output cuts planned will not be sufficient to create a large enough deficit to lift the market. Eventually low prices will cause output to be cut but this may not begin to happen until the 1986-87 season.

● Australian raw sugar output in 1984 rose to 3.53m tonnes, the second highest on record, from 3.17m in 1983, Mr Ron Camm, chairman of the Queensland Sugar Board, said, reports Reuter from Brisbane. The record was 3.54m tonnes in 1982.

The figure is slightly below that given last month by a Queensland Canegrowers Association official who put production at a record 3.55m tonnes.

Australian sugar exports rose to 2.59m tonnes in 1984 from 2.42m in 1983, Mr Camm said.

The exports were the second highest on record after the peak 1981 shipments of 2.98m tonnes and were marked by a sharp increase in exports to the Soviet Union to a record 348,000 tonnes from 106,000.

Mr Camm said significant progress was made in securing sales to the Soviet Union, the world's largest sugar importer, and in the production and export of cane invert syrup to meet a growing demand from specialist fermentation industries.

The previous record exports to the Soviet Union were 209,000 tonnes in 1982.

Farm land prices bounce back

By Our Commodities Staff

ENGLISH FARM land prices bounced up at the end of last year, ending a steady decline which had trimmed values by £1,000 a hectare since midsummer.

Provisional figures issued yesterday by the Agriculture Ministry put the average value of all English vacant possession agricultural land changing hands in the October/December quarter at £4,366 a hectare, up from £3,930 in the September/November period.

The weighted average price, which allows for area and size group variations in the sample, rose from £4,190 to £4,390 a hectare.

● **UK COMPOUND** animal feed production in November was 917,000 tonnes, 12 per cent below the 1.038m tonnes produced in the same month in 1983.

However, the cutback was less than the 20 to 30 per cent reductions seen over the summer months last year, confirming some recovery in the feed industry.

● **IVORY COAST** will have a good 1984/85 coffee qcrop which will enable it to meet its current season International Coffee Organisation export quota, Mr Denis Bra Canon, Agriculture Minister, said. He did not specify likely output.

● **INDIA** will need at least 225m tonnes of foodgrains annually by the year 2000, up from a targeted 153.6m in 1984/85 (ending June) and a record 151.5m in 1983/84, Buta Singh Agriculture Minister, told the Indian Agricultural Research Institute.

He said the extra grains would be needed to feed a population that is rising by 2.5 per cent annually.

● **CHINA** has set a ceiling of 4.25m tonnes for cotton it guarantees to procure from farmers in 1985 at full guaranteed prices, the Commerce Ministry said.

China grew at least 5.5m tonnes of cotton last year

Mixed fortunes as minor metals await a boom

BY DAVID GILBERTSON, NON-FERROUS EDITOR, METAL BULLETIN

SEVERAL OF the major base metals now look to be returning to better health, yet the fortunes of the minor and strategic metals, typically by-products of base metal mining, remain mixed.

In the past two years first quarter trading activity in the minor metals has been high with prices for many commodities rising dramatically. This year, however, the first-quarter boom does not look to be materialising.

Several minor metals have already been subject to "bear" attacks this year with antimony, cadmium, mercury and selenium all losing ground since the end of 1984. Offtake for consumption is patchy with most consuming companies adopting hand-to-mouth buying policies and holding stocks at the very lowest levels.

Confidence in sustained price gains seems to have drained away and consumers who have found themselves financing high priced inventory in weak markets in the recent past are now anxious not to repeat their mistakes.

These buying policies carry their own risks, of course. Already this year there have been a number of incidences of "backwardations" in the minors markets where shortages of material for prompt delivery have pushed nearby prices well above those quoted for further forward.

There have, however, been significant price gains in one or two isolated markets, leading some to speculate that the 1985 boom in minor metals might just be a little late in arriving.

Molybdenum has been the star performer of the year so far, putting on some 30 per cent in the last three weeks. Moly oxide, quoted as low at $2.65 in early January, has risen sharply and traded this week at up to $3.60 a pound.

Molybdenum has been boosted by production cutbacks in the U.S. mining industry. Anaconda recently announced it closed down its Tonopah plant and there is continued speculation in the market that Duval, another leading U.S. producer of molybdenum, may shortly also throw in the towel.

In historic terms molybdenum is still very cheap at present prices, lending support to the view that it may have more price gains to come.

Another leading light of minor metals markets this year has been rhodium, one of the small group of metals which occurs in association with platinum.

Rhodium is used in automobile catalysts and has been siginificantly boosted by the spread of legislation across Europe and internationally to curb air pollution from motor vehicles.

A combination of strong physical demand and a shortage of material in the free market has seen rhodium trade up to around $1,040 an ounce this week, up from about $910 at the start of the year.

Outside these few highlights, however, the minor metals markets at large remain lacklustre. Stocks in merchants' hands in Europe appear to be quite substantial with some estimates putting the inventory of several of the metals at around one month's western consumption equivalent.

These long trade positions appear to be masking, for the moment at least, what many market observers consider to be much improved fundamentals for the minor metals. Basic consumption levels are reported to be strong but the strength of the dollar is inhibiting base metal and therefore by-product output in the U.S.

It must be said, however, that the dollar's strength overall may be one of the major factors weakening sentiment in the minor markets. The high dollar prices for many metals will be inhibiting buying in weak currency areas, and may also be encouraging mine production in non-dollar regions.

A further factor which for the moment is adding to nervousness in the markets are the actions of the Chinese, who with the new liberalised marketing system now in force, have emerged as aggressive sellers of several products this year—notably antimony, cadmium and ferro-tungsten.

It is unclear why the Chinese have adopted such a stand in these metals while still showing restraint in others—vanadium and tungsten ores, for example.

This may be put down to lack of co-ordination under the new marketing procedures or as further evidence of the effect of the strong dollar in encouraging metal sales.

Either way, the effect at present, has been to check the price advance in several markets.

Looking beyond the first quarter, however, many in the market are optimistic that price improvements will be recorded.

They draw strength from the growing acceptance that market fundamentals generally are far healthier than for some time and believe that once the merchant stock overhang has been eliminated, a major obstacle to price growth will have been removed.

Some say this will take three months. Most are agreed, however, that a weakening of the dollar in the meantime would hurry the process along.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse 2,800-2,875.

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse 6.35-6.50.

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 1.08-1.12, sticks 1.15-1.20.

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse 11.40-11.50.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse 295-304.

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse 3.35-3.45.

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse 8.20-8.90.

TUNGSTEN ORE, European free market, standard min 65 per cent, $ per tonne unit WO_3, cif 68-73.

VANADIUM: European free market, min 98 per cent V_2O_5, other sources, $ per lb V_2O_5, cif 2.30-2.35.

URANIUM: Nuexco 15.00.

Wool 'highest earner on New Zealand sheep farms'

BY OUR COMMODITIES STAFF

INCREASED DEMAND for New Zealand wools this season has lifted prices to a point where it provides the main proportion of sheep farmers' incomes, Mr J. D. McIlraith, the country's wool board chairman, told the International Wool Textile Organisation.

As a result, he said in a mid-season review, interest in all wool farming was increasing and New Zealand production this season was estimated to be up 7.5 per cent to a record 391,000 greasy tonnes.

He told the meeting in Paris: "This was almost entirely due to higher productivity per sheep following last year's growing conditions, probably the most favourable for many years."

He said the market had held up well, considering the large volumes of wool offered for auction in November and December.

The average auction price over the first six months of the season showed a 29 per cent increase to 383 cents a kilo greasy (513 cents a kilo clean).

By the end of December, New Zealand Wool Board stocks had been reduced by 59 per cent to 38,500 bales.

Weaker pound pushes up copper

BY JOHN EDWARDS, COMMODITIES EDITOR

THE EASIER trend in sterling pushed copper values to the highest level for five years on the London Metal Exchange yesterday. The cash price for higher grade copper closed £16 up at £1,269.5 a tonne, while the three months quotation gained £13.25 to £1,278.5.

Weaker sterling also helped the three months zinc price rise to the highest level since 1974 after gaining £15.5 to £759.75 a tonne. Cash zinc, which rose by £16 to £762.5, is stil well below the 11-year peak of £789.5 reached in May last year following a squeeze on immediately available supplies.

Aluminium, lead and nickel values moved up too yesterday, boosted by the drop in the pound

● Reports were sweeping the London Metal Exchange yesterday that Lonconex, the ring-dealing member company that announced in December that it was withdrawing from trading, is to be taken over by RST Resources, a subsidiary of Investment Trade Management. ITM International is a privately owned trading group that last year took over from Amax, the U.S. natural resources group, RST International which has a 6.9 per cent stake in Zambian Consolidated Copper Mines.

As a result of the deal Mr Andrew Sardanis, chairman of ITM, became entitled to a seat on ZCCM's Board. ITM has more than 100 subsidiaries operating in international trade including metals, finance, civil engineering and construction in more than 40 countries.

Mr Bob Chambers, managing director of Lonconex, said there was no truth in the rumours.

However several ring-dealing companies are known to have been approached about their attitude towards the possible takeover. Under the rules of the London Metal Exchange any ring-dealing member has to be re-elected after a change of ownership, although only a simple majority is required against a 75 per cent approval for a totally new candidate.

LONDON MARKETS

COCOA PRICES fell back sharply on the London futures market in the face of a wave o chartist-led speculative selling. The May position went down the £40 permissible daily limit at one stage before rallying to end £24.50 down on the day at £2,242 a tonne.

Dealers explained that many investors felt the market was due for a downward correction following the sustained £400 rise of the past month. The late recovery, however, supported the view of some traders that the earlier fall had not broken the underlying bull trend.

Sugar futures values moved lower late in the day reflecting the bearish implications of a report from F. O. Licht, the West German sugar statistics agency, lifting the end-year world stocks estimate

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	Feb. 5 1985	+ or —	Month ago
Aluminium	£1100	......	£1100
Free Mkt	$1115/1135	+15	$1105/1135
Copper			
Cash h Grade	£1269.5	+16	£1152.5
3 mths	£1287.5	+15.25	£1168.75
Gold troy oz	$302.25	+0.5	$302.5
Lead Cash	£347.5	+6.5	£384
3 mths	£349.5	+5	£329.75
Nickel			
Free Mkt	229/259	+4	216/246c
Palladium oz	$126.50	+0.25	$114.35
Platinum oz	$276.25	+3.25	$274.15
Quicksilver†	$296/305		$308/310
Silver troy oz	552.85p	+3.60	525.95p
3 mths	569.70p	+3.25	539.85p
Tin cash	£9980	+25	£9880
3 mths	£9931.5	+14	£9807.5
Tungsten	$78.27	—5.58	$81.75
Wolfram 22 04lb	$68/72		$66/70
Zinc	£762.5	+16	£717
3 mths	£759.75	+15.5	£707.5
Producers	$900	......	$900

	Feb. 5 1985	+ or —	Month ago
OILS			
Coconut (Phil)	$755u	—	$910
Palm Malayan	$570x	—	$585
SEEDS			
Copra Phil	$475v	—25	$560
Soyabean (U.S.)	$249.6	—1.9	$244.25
GRAINS			
Barley Fut. May	£116.45	—0.75	£115.60
Maize	£147.50	+0.50	£146.50
Wheat Fut. May	£115.80	—0.50	£115.50
No. 2 Hard Wint.	‡	—	‡
OTHERS			
Cocoa Ft. May	£2242	+24.5	£1945.5
Coffee Ft. May	£2413	—1	£2280.5
Cotton A Index	59.50c	—0.3	71.95c
Gas Oil Feb.	$222.75	—2	$226.75
Rubber (kilo)	64p	—	62.25p
Sugar (raw)	£118	—1	$97.5
Wooltops 64s	521pkilo	—	488pkilo

‡ Unquoted. w March. x April. u Feb-March. v March-April. † Per 76-lb flask. n Nominal. c Cents a pound.

INDICES

FINANCIAL TIMES

Feb. 4	Feb. 1	M'th ago	Yearago
296.81	298.91	292.61	295.30

(Base: July 1 1952 = 100)

REUTERS

Feb. 5	Feb. 4	M'th ago	Yearago
2028.7	2016.0	1919.3	1991.5

Base: September 18 1931 = 100)

MOODY'S

Dec. 27	Dec. 19	M'th ago	Yearago
965.9	966.4	—	140.48

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Dec. 27	Dec. 19	Month ago	Year ago
Spot	121.99	122.83	—	140.42
Fut.	124.33	123.88	—	143.53

(Base: December 31 1974 = 100)

OIL

Traders concentrated upon March and Aril. Brent and the March price fell 25c on the day. Nymex crude opened 14c down but quickly recovered to trade at 14c up by 1 pm EST. Among the petroleum products gas oil weakened in thin trading with most traders already awaiting the industry convention this week. Heavy fuel was stable in a quiet market—Petroleum Argus, London.

SPOT PRICES	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arab Light	27.85-95	—
Arab Heavy	26.50-70	—
Dubai	27.25-35	—
Brent Blend	26.35-55	—0.225
W.T.I. (1pm est)	26.75-90	—0.175
Forcados (Nigeria)	27.50-65	+0.50
Urals (cif NWE)	—	
PRODUCTS—North West Europe "cif" ($ per tonne		
Premium gasoline	232-234	—
Gas Oil	239-241	—3
Heavy fuel oil	186-190	—

* March; rest February. Petroleum Argus Estimates

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Feb	250.50	—1.25	250.75-52.00
March	222.75	—2.00	222.50-2.175
April	217.00	—0.75	217.25-16.00
May	215.50	—0.75	215.50-13.75
June	214.25	—1.00	214.-2614.00
July	214.00	—	214.
Aug	215.00	—1.86	—

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1264-5	+1.5	1269-70	+16
3 months	1286-5	+7.25	1287-8	+13.2
Settlem't	1264.5	+1.5	—	—
Cathodes		—	—	—
Cash	1259-60	+11.5	1266.8	+14.5
3 months	1274-5	+9.5	1281-4	+16
Settlem't	1260	+11	—	—

Amalgamated Metal Trading reported that in the morning three months higher grade traded at £1,279, 80, 79.5, 280, 81, 81.5, 81. Standard: Cathodes—Cash 1,260: three months £1,273, 74, 75. Kerb: Higher Grade—Three months £1,281, 80.5. Afternoon: Higher Grade—Three months £1,289, 89.5, 90, 89.5, 89, 88.5, 91, 90, 89.5, 89, 88. Kerb: Higher Grade—Three months £1,287, 86, 85, 86.5, 85. Turnover: 24,476 tonnes. U.S. Producers: 67-70 cents per pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	10006-5	+87.5	9990-5	-2.5
3 months	9960-5	+65	9961-5	+10.5
Settlem't	10005	+85	—	—
Standard				
Cash	9980-5	+85	9957-85	+25
3 months	9930 2	+88	9931-2	+14
Settlem't	9985	+80	—	—
Straits E.	$29.15	—	—	—

Tin—Morning: Standard: £9,965, 70, 80; three months £9,935, 40, 35, 30, 32. Kerb: Three months £9,930. Afternoon: Standard: Three months £9,935, 30, 32, 31, 32. High Grade: Cash £9,990; three months £9,965. Kerb: Three months £9,930, 25. Turnover: 1,330 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	364-.5	+7.75	347-8	+8.5
3 months	346-7	+4.5	349 50	+5
Settlem't	346.5	+7.5	—	—

Lead — Morning: Cash £346.5, 4.6, three months £345, 46, 47, 48, 49.5, 49, 48.5, 48, 46. Kerb: Three months £347. Afternoon: Three months £348, 48.5, 48, 47, 48, 49.5, 50. Kerb: Three months £349. Turnover: 11,900 tonnes. U.S. Spot: 20-22 cents per pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	766 -7	+27	768 3	+16
3 months	759 .5	+17.5	759.5-60	+15.5
Settlem't	767	+27	—	—

Zinc. High Grade Official/Unofficial prices: Cash am £748-786, pm £780-790, three months am £785-786, pm £790-795. Settlement: £795

Zinc—Morning: Cash three months £756, 57, 58, 59, 60, 59.5, 59. High Grade: Three months £785, 86. Kerb: Three months £759, 58, 57. Afternoon: Three months £758, 58, 58.5, 60, 59.5. Kerb: Three months £759, 58, 57. Turnover: 13,100 tonnes. U.S. Prime Western: 43.00-43.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	997-.8	+16.2	993-4	+11.5
3 months	1030-.5	+17	1026-.5	—15.5

Aluminium—Morning: Three months £1028, 27, 28, 29, 30, 31, 30.5, 30. Kerb: Three months £1028 27, 28. Afternoon: Three months £1029, 29.5, 30, 29.5, 27, 28.5, 28. Kerb: Three months £1028, 25.5, 26, 26.5, 27, 28. Turnover: 14,675 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. unofficial	+ or —†
	£	£	£	£
Spot	4580-5	+89	4570-80	+60
3 months	4586-90	+95	4585 90	+47.5

Nickel—Morning: Three months £4635, 30, 20, 10, 05, 4600, 4595, 90, 92, 93, 85. Kerb: Three months £4595, 90. Afternoon: Three months £4595, 90, 85, 90. Kerb: Three months £4590, 85. Turnover: 1,533 tonnes.

GOLD

Gold rose just $½ an ounce from Monday's close in the London bullion market yesterday to finish at $302-302½. The metal opened at $301¾-302¾ and traded between a high of $302½-303 and a low of $301¼-301¾.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
Feb.	—	—	—
April	305.70	—	305.70-04.70
Jun.	—	—	—

Turnover: 9 (25) lots of 100 troy ounces.

GOLD BULLION (fine ounce) Feb. 4

Close	$302 302½	(£271¼-271¾
Opening	$301¾-302¼	(£271½-272
M'ni'g fix.	$301.75	(£271.065)
Aft'n'n fix.	$302.05	(£271.368)

GOLD AND PLATINUM COINS

Kr'g'r'nd.	$311¼-312	(£280-280½)
½ Krug.	$160½-161¼	(£144¼-145)
¼ Krug.	$82 82¾	(£73¾-74½)
1/10 Krug.	$33¼-34	(£30-30½)
Mapleleaf	$311¼-312	(£280-280½)
New Sov.	$71¼-71¾	(£64-64½)
½New Sov.	$43¼-44	(£39-39½)
Old Sov.	$72-73½	(£64¾-66¼)
$20 Eagle	$465 495	(£418¼-445¼)
Noble Plat	$284 287¼	(£255¼-258¼)

SILVER

Silver was fixed 3.6p an ounce higher at 552.85p for spot delivery in the London bullion market yesterday. U.S. cent equivalents of the fixing levels were: spot 614.5c, up 0.6c; three-month 627.1c, up 0.65c; six-month 642.15c, up 0.7c; and 12 month 673.05c, down 0.2c. The metal opened at 551.5-554.5p (613-616c) and closed at 555-558p (618-621c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	552.85p	+3.60	553.5p	+5
3 months	569.70p	+3.75	571.5p	+4
6 months	587.35p	+4.45	—	—
12months	616.90p	+4.45	—	—

LME—(2,000 oz contract): cash 553.5p (548.5p); three months 571.5p (567.5p). Turnover: 0 (0).

Turnover: 81 (47) lots of 10,000 oz.

Morning: large 2nd ring three months 569.5. Kerb: large three months 569.5. Afternoon: large 1st ring three months 574.5. Kerb: untraded.

COCOA

Futures traded actively to make new life-of-contract highs. The late afternoon saw a retracement before a light rally on the close, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	2293-2295	-27.0	2266 2208
May	2240 2244	-24.5	2286 2226
July	2218-2220	-29.5	2267 2206
Sept	2192-2197	-30.5	2245-2186
Dec	2046-2048	-19.0	2080 2046
Mar	2026-2035	-11.6	2050 2028
May	2010-2025	-17.5	2044-2051

Sales: 7,926 (7,222) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for February 5: 107.39 (109.10); five-day average for February 6: 107.70 (107.47).

COFFEE

Following a steady New York close and slightly lower sterling, the market opened £7-11 higher, reports Drexel Burnham Lambert. Gains were extended during a quiet morning but continued trade and dealer selling tended to discourage follow-through buying. Further strength in New York was ignored and values drifted back to unchanged.

COFFEE	Yesterd'ys Close	+ or —	Business Done
March	2390 94	+2.5	2408 90
May	2412-14	—1.0	2430 08
July	2436-28	+3.5	2440-20
Sept	2430 35	+9.0	2439 21
Nov.	2446 46	+7.0	2452 40
Jan	2440 44	+15.0	2435-32
March	2452-55	+10.5	2440

Sales: 2,008 (1,754) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for February 4: Comp. daily 1979 137.73 (137.07): 15-day average 136.70 (136.46).

GRAINS

Old crops came under pressure from long liquidation against lack of physical or shipping demand. Ministry supply/demand figures indicated a slightly lower usage with surplus put a little higher. The markets closed at the day's lows. New crop came under merchant hedge selling pressure, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterd's close	+ or —
Mar	111.55	—0.80	112.60	—0.75
May	115.80	—0.50	115.45	—0.75
July	117.70	—0.55	—	—
Sept	97.00	—0.55	97.15	—0.48
Nov	100.10	—0.80	100.50	—0.50
Jan	103.80	—0.55	104.00	—0.50

Business done — Wheat: March 112.00-1.56, May 16.00-5.75, July 118.00 only, Sept 97.30-7.00, Nov 100.50-0.10, Jan 104.10-4.00. Sales: 222 lots of 100 tonnes. Barley: March 113.20-2.60, May 116.05-5.50, Sept 97.50-17.30, Nov 100.85-0.75, Jan untraded. Sales: 166 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring no 1 14 per cent Mar 179.25, April/May 167, June 167.50 transhipment east coast. U.S. no 2 soft red winter Mar 165.25, April 164.75, May 164.25. English feed fob Mar 114 east coast. Maize: U.S. no 3 yellow/French Feb 147.50 transhipment east coast. Barley: English feed fob Feb 117 east coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: S. East 112.20. Feed barley: S. East 111.10. S. West 111.00, W. Mids 110.90, N. West 110.10. The UK monetary co-efficient for the week beginning Monday February 11 (based on HGCA calculations using five days' exchange rates) will change to 1.038.

PIGMEAT

Futures prices fell in line with physical prices to close on contract lows with August dipping below 100p, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Feb	102.50	106.60	102.50-107.00
April	104.30	104.30	104.40-103.90
June	103.00	103.20	105.30-102.70
Aug	100.30	100.40	100.40-99.00
Oct	106.60	106.80	108.80-106.40
Nov	107.40	107.70	107.70-107.40

Sales: 269 (135) lots of 50 carcases, 3.250 kg.

POTATOES

Prices fell from the opening as traders reacted to Monday's PMB stock figures. Some stop-loss selling added to the downward pressure before profit-taking recovered some of the loss towards the close, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Feb	48.80	45.30	42.80 42.50
April	49.10	50.90	50.50 48.10
May	50.10	52.40	52.00
Nov	71.20	71.30	71.00
Feb	79.50	81.00	80.00

Sales: 1,217 (519) lots of 40 tonnes.

RUBBER

PHYSICALS — The London market opened easier, attracted some buying interest at the lower levels, reports Lewis and Peat. Closing prices (buyers) spot 64.00p (same), March 74.75p (75.00p). April 75.25p (75.50p). The Kuala Lumpur Feb fob price for RSS No. 1 was 185.25 (187.50) cents a kg and for SMR 20 was 181.0 (181.5).

SOYABEAN MEAL

The market opened 50p down in thin trading, reports T. G. Roddick. Prices rose during a lacklustre afternoon.

	Yesterday close	+ or —	Business Done
	£ per tonne		
Feb	150.2-152.5	+3.35	—
April	147.7-148.0	+0.25	147.5
June	145.5 145.6	+0.20	145.5-144.5
August	145.5-146.6	—	146.0
October	149.5-150.0	—1.50	151.0
Dec	152.5-154.2	—0.40	—
Feb	154.0-157.0	—0.50	—

Sales: 108 (298) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $118.00 (£106.00), down $1.00 (down 50p) a tonne for Feb-March delivery. White sugar $141.00, down $1.50.

News of a further selling tender today by San Domingo for 25,000 tonnes of raws for Feb-March shipment depressed sentiment, reports C. Czarnikow.

No.6 Con-tract	Yest'day's close	Previous close	Business done
	$ per tonne		
Mar	118.6-118.8	120.4-120.6	121.4-120 2
May	125.8-126.0	128.4-128.6	129.6-125.2
Aug	134.0-134.4	138.4	137.0-133.0
Oct	141.4-141.6	143.4-143.6	144.6-141.0
Dec	148.0-148.0	151.6-152.8	—
Mar	162 0-163.6	167.0	172.2-170.0
May	168.6-170.0	170.9-172.0	—

Sales: 2,881 (1,758) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £215.50 (£213.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for February 4: Daily price 3.90 (3.87); 15-day average 3.77 (3.76).

U.S. MARKETS

HEATING OIL was higher on expectations of a constructive industry stock report, reports Heinold Commodities. The market was helped by Mexico cutting its oil price within Opec guidelines. Soyabeans rallied sharply due to a strong soyabean-oil market. Maize was moderately higher on commercial buying while wheat was low on commission house profit-taking. Gold and silver were slightly higher as values continue to trade in a tight range reflecting caution by traders ahead of the U.S. Treasury refunding and the State of the Union address. Copper was modestly weaker reflecting an overbought condition. Expectations of further production cutbacks boosted aluminium values. Cocoa was sharply lower on long liquidation as fresh buying failed to develop following recent gains. Coffee came under pressure from further sales from Brazilian stocks. The estimate by F. O. Licht that world sugar stocks will be above 39m tonnes weakened values. Cotton was firm on good movement into the loan over the past week.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	49.40	—	—	49.35
March	49.75	50.80	49.65	49.70
April	50.15	—	—	50.10
May	50.55	51.15	50.55	50.50
July	51.30	52.00	51.90	51.30
Sept	52.05	—	—	52.10
Dec	53.20	54.10	54.10	53.25
Jan	53.55	—	—	53.60
March	54.35	—	—	54.40
May	55.10	—	—	55.15

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
March	2249	2314	2240	2331
May	2290	[illegible]	2280	2366
July	2260	[illegible]	2255	2340
Sept	2225	2285	2225	2305
Dec	2110	2140	2110	2150
March	2125	—	—	[illegible]
May	—	—	—	2134

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
March	152.04	53.70	50.90	53.07
May	149.54	50.70	49.00	49.95
July	146.92	47.40	46.10	46.80
Sept	144.33	44.50	43.70	44.13
Dec	142.68	42.75	42.25	42.38
March	141.00	41.00	40.50	40.83
May	139.05	—	—	39.13
July	137.50	—	—	36.00

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Feb	62.05	—	—	62.05
March	62.40	63.05	62.25	62.40
April	62.65	—	—	62.70
May	62.95	63.60	62.80	63.05
July	63.50	64.75	63.35	63.65
Sept	64.05	64.75	63.90	64.25
Dec	64.70	65.45	64.55	65.10
Jan	64.95	—	—	65.40
March	65.40	66.20	65.75	65.95
May	65.95	66.90	66.80	66.55

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	65.18	65.20	64.51	64.48
May	66.28	66.35	65.75	65.68
July	67.28	67.30	66.80	66.65
Oct	67.30	67.40	67.25	67.15
Dec	67.40	67.45	67.20	67.25
March	68.45	68.50	68.50	68.45
May	69.10	—	—	69.08
July	69.60	—	—	69.53

CRUDE OIL (LIGHT) 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
March	26.72	26.73	26.38	26.52
April	26.30	26.33	26.09	26.19
May	25.97	26.01	25.83	25.93
June	25.75	25.86	25.70	25.85
July	25.65	25.72	25.65	25.70
August	25.55	25.60	25.50	25.65
Sept	25.70	25.55	25.55	25.70
Oct	25.70	—	—	25.70
Nov	25.65	—	—	25.70
Dec	—	—	—	25.70

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Feb	302.3	302.9	301.5	302.1
March	303.4	303.5	303.5	303.3
April	305.6	305.9	304.2	305.4
June	309.8	310.2	308.7	309.7
August	314.2	314.1	313.6	314.1
Oct	318.8	—	—	318.7
Dec	322.7	324.0	322.7	323.7
Feb	328.9	—	—	329.1
April	334.3	335.5	334.0	334.5
June	340.0	—	—	340.3
August	346.0	345.5	345.3	346.3
Oct	[illegible]	—	—	352.7
Dec	[illegible]	—	—	359.3

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
March	73.00	73.00	72.10	72.36
April	70.20	70.40	69.70	69.89
May	69 00	69.00	68.30	68 68
June	68.30	68.30	68.20	68.15
July	68.35	68.55	68.40	68.40

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
March	174.70	75.00	74.05	73.55
May	176.60	76.85	76.10	75.55
Sept	176.60	76.50	76.20	75.40
Nov	175.25	75.50	75.10	74.50
Jan	174.60	74.50	74.50	73.50
March	174.60	—	—	73.50
May	174.60	—	—	73.50
July	174.60	—	—	73.50

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Feb	275.4	—	—	276.7
March	277.1	—	—	276.1
April	278.8	280.0	277.0	278.0
July	283.9	284.5	282.7	283.0
Oct	289.4	288.0	288.0	288.4
Jan	295.9	297.0	293.5	294.4

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Feb	618.2	617.0	617.0	615.9
March	621.5	624.0	617.5	619.5
April	625.9	—	—	623.9
May	630.4	632.9	628.0	628.4
July	639.5	642.0	634.0	637.6
Sept	649.4	651.0	647.0	647.6
Dec	665.6	668.5	662.0	664.0
Jan	671.1	—	—	669.6
March	682.2	680.5	680.0	680.8
May	694.1	—	—	692.8

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
March	4.13	4.30	4.12	4.29
May	4.43	4.60	4.42	4.63
July	4.77	4.93	4.75	4.97
Sept	5.08	5.18	5.09	5.25
Oct	5.22	5.34	5.20	5.38
Jan	5.70	5.80	5.80	5.83
March	6.15	6.28	6.12	6.34
May	6.43	6.46	6.40	6.62
July	6.60	—	—	—

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	65.62	66.07	65.60	[illegible]
April	68.72	68.85	68.35	[illegible]
June	68.95	69.15	68.77	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb

[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

[illegible]

PORK BELLIES 38,000 lb, cents/lb

[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

[illegible]

SOYABEAN MEAL 100 tons, $/ton

[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel

[illegible]

SPOT PRICES — Chicago loose lard 24.50 (same) cents per pound. New York tin [illegible] cents per pound. Handy and Harman silver bullion [illegible] cents per troy ounce.

OTHER MARKETS

JUTE

JUTE—Jan/Feb c and f Dundee BWC/BTC $980, BWD/BTD $960; c and f Antwerp BWC/BTC $980, BWD/BTD $960; c and f Dundee ex-India Feb 40 in 10 oz £32.53, 40 in 75 oz £23.78; B twills £99.20.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.76p per kg lw (—0.64). GB—Sheep 169.77p per kg est dcw (+9.60). GB—Pigs 76.95p per kg lw (+0.18).

SMITHFIELD — Pence per pound. Beef—Scotch killed sides 78.0-83.0; English hindquarters 88.5-91.0; forequarters 67.5-63.0. Veal—Dutch hinds and ends 122.5-126.5. Lamb—English small 84.0-74.0, medium 62.0-70.0, heavy 60.0-66.0; Scotch medium 60.0-63.0, heavy 57.0-61.0; Imported: New Zealand PL (new season) 69.5-70.5; PL (old season) 67.5-68.3, PX (old season) 65.5-66.0. Pork—English under 100 lb 47.5-62.5, 100-120 lb 53.0-57.5, 120-160 lb 41.0-47.0.

PARIS

SUGAR—(FFr per tonne): March 1,368-1,377, May 1,415-1,418, Aug 1,495-1,501, Oct 1,558-1,565, Dec 1,630-1,650, March 1,747-1,755.

COCOA—(FFr per 100 kg): March 2,375-2,376, May 2,388-2,392, July 2,365 bid, Sept 2,350-2,400, Dec 2,290 ask, March 2,225 ask, May 2,225 ask.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 581.0, 584.0, 584 0; May 593.0, 596.0, untraded; July 600 0, 602.0, 600.0-596.0; Oct 584.0, 586.0, 586.0; Dec 588.0, 589.0, untraded; March 595.0, 601.0, untraded; May [illegible], untraded. Sales: [illegible].

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). [illegible]

ROTTERDAM

WHEAT—[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar surge continues

Continued demand pushed the dollar to record levels in currency markets yesterday. Fears of higher U.S. interest rates and an absence of any concerted central bank intervention pushed the dollar through the DM 3.22 level, to touch a high of DM 3.2310. Comments by U.S. Federal Reserve Board chairman, Mr Paul Volcker, on the ineffectiveness of central bank intervention against a strong upward trend provided further demand for the dollar.

Against the D-mark it finished at a 12-year closing high of DM 3.2270, up from DM 3.2115 and a 9½-year high in terms of the Swiss franc at SwFr 2.7420 from SwFr 2,7380. It was firmer against the yen at Y259.70 from Y259.35, a 2½-year high, although earlier in the day the U.S. unit dipped briefly probably on a large commercial order. However it downward move gave rise to speculation that the Bank of Japan may have been active, but the effect was short lived and the dollar quickly resumed its upward trend. Against the French franc it rose to a record FFr 9.86 from FFr 9.8125 and registered record highs against several other European currencies. On Bank of England figures, the dollar's index rose to an all-time high of 148.4 up from 148.0 on Mnoday.

STERLING — Trading range against the dollar in 1984-85 is 1.4940 to 1.1105. January average 1.1274. Exchange rate index rose to 71.4 from 71.3, having opened at 71.3 and touching a best level at 10 am of 71.5.

Sterling was a little weaker against a very strong dollar but remained underpinned by high UK interest rates. Consequently it showed a small improvement against the D-mark at DM 3.5875 from DM 3.5825 and FFr 10.9475 from FFr 10.9350. It lost ground against the yen however to Y288.50 from Y289.0 and SwFr 3.0450 compared with SwFr 3.0525. Against the dollar it finished at $1.1110-1.1120, a fall of 25 points from Monday. Trading was confined to a narrow range however.

D-MARK — Trading range against the dollar in 1984-85 is 3.2270 to 2.5535. January average 3.1698. Trade weighted index 119.9 against 124.0 six months ago.

The dollar was fixed at DM 3.2166 yesterday in Frankfurt, up from DM 3.1968, and was its highest fixing level since January, 1972. The Bundesbank sold $41.05 at the fixing but there were no clear indications of any open market activity. The dollar's trading level remained fairly steady with much of the recent gain seen in New York. The market appeared convinced of a tighter Federal Reserve monetary policy and higher U.S. interest rates. The start of a record refunding package to finance the U.S. budget deficit also increased the demand for dollars.

Other central banks have sold small dollar amounts but this failed to have any significant effect, while rumours of a special meeting by the Bundesbank central council were officially denied. Elsewhere sterling rose to DM 3.5800 from DM 3.5730 and the Swiss franc was higher at DM 1.1751 from DM 1.1714. The French franc was unchanged at DM 32.755 per FFr 100, although there were suggestions the Bank of France bought small amounts of D-marks.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu February 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	44.5405	−0.80	+0.07	±1.5428
Danish Krone ...	8.14104	7.94262	−2.44	−1.57	±1.6421
German D-Mark	2.24184	2.22539	−0.73	+0.14	±1.1463
French Franc ...	6.87456	6.79399	−1.17	−0.30	±1.3659
Dutch Guilder ...	2.52595	2.51842	−0.30	+0.57	±1.5165
Irish Punt	0.72569	0.715439	−1.41	−0.54	±1.6671
Italian Lira	1403.49	1367.89	−2.54	−2.32	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

STERLING EXCHANGE RATE INDEX (Bank of England)

	Feb 5	Previous
8.30 am	71.3	71.4
9.00 am	71.4	71.5
10.00 am	71.5	71.5
11.00 am	71.4	71.4
Noon	71.4	71.4
1.00 pm	71.4	71.4
2.00 pm	71.4	71.4
3.00 pm	71.4	71.3
4.00 pm	71.4	71.3

£ in New York

	February 5	Prev. close
£ Spot	$1.1110-1.1117	$1.1160-1170
1 month	0.39-0.37pm	0.41-0.39 pm
3 months	1.01-0.96pm	1.11-1.08 pm
12 months	2.20-2.10pm	2.25-2.15 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Feb 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.1085-1.1135	1.1110-1.1120	0.45-0.41c pm	4.64	1.19-1.14pm	4.19
Canada	1.4810-1.4851	1.4815-1.4845	0.48-0.39c pm	3.52	1.23-1.10pm	3.14
Nethlnd.	4.04½-4.06¼	4.05-4.06	2½-2¼c pm	6.84	7-6½pm	6.66
Belgium	71.48-71.75	71.60-71.70	19-14c pm	2.76	47-38pm	1.07
Denmark	12.76¾-12.80½	12.77¾-12.78¾	2¾-1¼ore pm	2.05	5¼-4¼pm	1.56
Ireland	1.1488-1.1534	1.1515-1.1525	par-0.18p dis	−0.94	0.13-0.44dis	−0.99
W. Ger.	3.57-3.59¼	3.58¼-3.59¼	2¼-2pf pm	7.11	6½-6pm	6.90
Portugal	197.65-201.50	197.70-201.20	195-540c dis	−22.17	510-1415d	−19.35
Spain	197.35-198.00	197.40-197.80	25-14c pm	1.18	34-10 pm	0.44
Italy	2,194½-2,204¼	2,199-2,200	par-3 lire dis	−0.82	7-12dis	−1.73
Norway	10.31-10.34	10.31-10.32	1¾-⅞ore pm	1.53	3¾-2⅞pm	1.31
France	10.90¾-10.95¾	10.94½-10.95¼	3-2¼c pm	2.88	6½-5¼pm	2.17
Sweden	10.17-10.21	10.17-10.18	par-¾ore dis	−0.44	1-1¾dis	−0.27
Japan	287¾-289½	288-289	1.71-1.61y pm	6.90	4.86-4.66pm	6.61
Austria	25.10-25.25	25.17-25.21	14¾-13¾gro pm	6.49	39¾-36¼pm	6.08
Switz.	3.03½-3.05½	3.04-3.05	2½-1¾c pm	7.63	5¾-5¼pm	7.31

Belgian rate is for convertible francs. Financial franc 71.80-71.90. Six-month forward dollar 1.93-1.83c pm, 12-month 2.60-2.45c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Feb 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.085-1.1135	1.1110-1.1120	0.45-0.41c pm	4.64	1.19-1.14pm	4.19
Ireland†	0.9635-0.9680	0.9635-0.9645	0.46-0.41c pm	5.40	1.32-1.22pm	5.25
Canada	1.3325-1.3351	1.3346-1.3351	0.11-0.14c dis	−1.12	0.33-0.38dis	[illegible]
Nethlnd.	3.6300-3.6620	3.6505-3.6515	0.63-0.60c pm	2.02	2.12-2.09pm	2.31
Belgium	64.30-64.65	64.50-64.60	12-13c dis	−2.33	34-36dis	−2.17
Denmark	11.45-11.52¾	11.50¾-11.51¼	1¾-2¼ore dis	−2.09	5¼-5¾dis	−1.91
W. Ger.	3.2125-3.2310	3.2265-3.2275	0.66-0.61pf pm	2.37	2.12-2.07pm	2.60
Portugal	178-181	178-181	250-550c dis	−26.74	650-1450d	−23.40
Spain	177.50-178.20	178.00-178.20	55-65c dis	−4.05	170-190dis	−4.05
Italy	1,974½-1,982	1,980-1,981	8.60-9.10 lire dis	−5.37	28-28¾dis	−5.74
Norway	9.26¾-9.30	9.28¾-9.29¾	2.20-2.70ore dis	−3.17	6.60-7.10dis	−2.96
France	9.81¼-9.86½	9.85¾-9.86¼	1.33-1.43c dis	−1.68	4.85-5.15dis	−2.03
Sweden	9.14¾-9.17¾	9.17¼-9.17¾	3.80-4.30ore dis	−5.30	11-11½dis	−4.96
Japan	258.90-260.15	259.65-259.75	0.51-0.47y pm	2.27	1.62-1.57pm	2.46
Austria	22.57½-22.70	22.65-22.70	3.80-3.30gro pm	1.88	12-10pm	1.94
Switz.	2.7290-2.7440	2.7415-2.7425	0.70-0.64c pm	2.93	2.25-2.19pm	3.24

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 64.60-64.70.

OTHER CURRENCIES

CURRENCY MOVEMENTS

CURRENCY RATES

EXCHANGE CROSS RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Feb 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	14-14⅛	8¼-8⅜	9¼-9⅝	6⅛-6⅝	2⅞-3⅛	5⁹⁄₁₆-6¹⁄₁₆	10⅜-10½	14-16	10-10½	10⅜-10⅝	6¹⁄₁₆-6⁷⁄₁₆	11¼-11¾
7 days' notice	13⅞-14⅛	8¼-8⅜	9⅛-9⅞	6½-6⅝	3-3¼	6-6⅛	10⅜-10½	13⅞-14⅞	10¼-10¾	10½-10¾	6⁵⁄₁₆-6¼	11¾-12¼
Month	13⅝-13¾	8⁵⁄₁₆-8⁷⁄₁₆	9¾-9¹⁵⁄₁₆	6¼-6⅜	5⅛-5⅝	6⅛-6¼	10½-10⅝	14¼-14¾	10½-11	10¾-11	6¼-6⅜	11½-12
Three months	13¼-13⅜	8⅞-9⁵⁄₁₆	9⅞-10¹⁄₁₆	6⅛-6⅝	5½-5⅝	6⁵⁄₁₆-6⁷⁄₁₆	11-11⅛	14⅝-15⅛	10½-11	10¾-11	6⁵⁄₁₆-6⁷⁄₁₆	11⅝-11⅞
Six months	12⅝-12¾	9-9⅛	10¹⁄₁₆-10¼	6⅜-6¹¹⁄₁₆	5⁷⁄₁₆-5¹¹⁄₁₆	6⅜-6½	11¼-11⅝	14⅝-15	10½-11	10⅞-11⅛	6⁵⁄₁₆-6½	11-11½
One year	12⁵⁄₁₆-12⁹⁄₁₆	9⅜-9¾	10⁵⁄₁₆-10½	6⁵⁄₁₆-6⁹⁄₁₆	5⁵⁄₁₆-5¹¹⁄₁₆	6⁷⁄₁₆-6⁹⁄₁₆	11⅝-11¾	15-15½	10¾-11¼	11-11½	6⁵⁄₁₆-6⁷⁄₁₆	11-11½

Asian $ (closing rates in Singapore): Short-term 8⅛-8¼ per cent; seven days 8¹¹⁄₁₆-8¹³⁄₁₆ per cent; one month 8¹¹⁄₁₆-8¹³⁄₁₆ per cent; three months 8¹³⁄₁₆-8¹⁵⁄₁₆ per cent; six months 9⅝-9¾ per cent; one year 9¹³⁄₁₆-9¹⁵⁄₁₆ per cent. Long-term Eurodollars: two years 10½-10¾ per cent; three years 10⅞-11⅛ per cent; four years 11¼-11½ per cent; five years 11½-11¾ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London moves nervously

Interest rates moved erratically on the London money market yesterday as dealers attempted to come to terms with a further weakening of the pound against the dollar on the foreign exchanges and some rather confusing mid-January money supply figures. Sterling was firm against the D-mark led EMS block of currencies, but at one time threatened to finish at a record low against the very strong dollar.

The market remained rather confused as the yield structure on eligible bills was lower than the corresponding level of the interbank market, suggesting that either base rates must be cut, to bring the interbank market into line, or the market will have to change its mind about an imminent cut in base rates and increase rates on bills.

The money supply figures did little to clarify the situation, with sterling M3 below most expectations, but bank lending considered disappointingly high.

Against this background rates on eligible bank bills were firmer, with the discount houses buying rates for three-month bills rising to 13-13⅛ per cent from 12⅞-12⅞ per cent, but remained below the present Bank of England market intervention level.

Three-month interbank closed slightly higher at 13⅜ per cent compared with 13⁵⁄₁₆ per cent.

The Bank of England forecast a money market shortage of £350m, but later revised this to £300m, and provided total help on the day of £268m.

In the morning the authorities bought £168m bills for resale to the market tomorrow at a rate of 13⅞ per cent. After lunch further help of £30m was given, by way of £22m bills purchased outright, through £3m local authority bills in band 1 (up to 14 days' maturity) at 13⅞ per cent, and £19m bank bills in band 1 at 13⅞ per cent. Another £8m bills were bought for resale to the market tomorrow at 13⅞ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £299m, with Exchequer transactions absorbing another £115m. These were partly offset by a fall in the note circulation adding £50m to liquidity and bank balances above target by £5m.

UK clearing banks base lending rate 14 per cent since January 28.

MONEY RATES

Feb. 5	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	6.00 6.05	10⅝	3⅞ 4⅛	6⅜ 6½	6.21875	15⅞-16¼	7.55	14¾-15
One month	5.65-5.80	10⅛-10⅜	5½-5⅝	6⁷⁄₁₆-6⅝	6.21875	15⅞-16¼	10¹¹⁄₁₆-10¹³⁄₁₆	14¾-15
Two months	5.90-6.05	10⅛ 10⅜	—	—	—	—	—	14⅝-14⅞
Three months	6.05 6.20	10⅛ 10⅜	5⁹⁄₁₆-5¹¹⁄₁₆	6½-6⅝	6.28125	15¾-16⅛	10¹³⁄₁₆-10¹⁵⁄₁₆	14½-14¾
Six months	6.20-6.35	10⅛-10⅜	—	6⅝-6¹¹⁄₁₆	—	—	10¹³⁄₁₆-10¹⁵⁄₁₆	14¼-14½
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	10⅛	—	5⅝	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Feb. 5 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	13¾-14¾	14-14¼	13⅞-14½	13½-14¼	—	—	—	—	—
2 days notice	—	—	13¾-13⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅞-14⅛	13⅞	14¼-14½	13¾-13⅞	—	—	—	—	—
One month	13¾-13⅝	13⅝-13⅞	13⅝	13⅞	13	13⅛	13⅛	13⅛	13⅛	14⅛
Two months	13⅛-13⅝	13⅝-13¾	13½	13⅝	12¼	13¼	13	13¼	13	13⅞
Three months	13⅛-13⅜	13¼-13⅝	13¼	13½	12¼	13	12⅝	13-13⅛	12⅞	13⅝
Six months	12⅞-12⅞	12⅝-13	12⅝	—	—	—	—	12-12¼	11¾	12⅝
Nine months	12-11⅞	12¼-12¹¹⁄₁₆	—	—	—	—	—	—	—	—
One year	11⅞-11¾	12-12⁵⁄₁₆	12⅛	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	14¼-13⅞	—	13¹¹⁄₁₆	8.5-8.6	8⅜-8⅝	10⁵⁄₁₆-10⅝
Two months	14-13⅝	—	13½	8.5-8.6	8½-8¾	10-10⅛
Three months	13⅞-13½	—	13⅜	8.55-8.65	8⅝-8⅞	10-10⅛
Six months	13-12⅝	—	13⅛	8.75-8.85	8¹³⁄₁₆-8¹⁵⁄₁₆	10-10⅛
Nine months	13-12⅝	—	12⅞	9.1-9.3	—	—
One year	12⅞-12½	—	12⁵⁄₁₆	9.5-9.7	9-9¼	9¹³⁄₁₆-10⅛
Two years	—	11¾	—	—	—	—
Three years	—	11¾	—	—	—	—
Four years	—	11¾	—	—	—	—
Five years	—	11¾	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of interest period January 2 to February 5, 1985 (inclusive): 11.840 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10½ per cent from February 1 1985. London and Scottish Clearing Bank Rates for lending 14 per cent. London Deposit Rates for sums at seven days' notice 11-11¼ per cent. Treasury Bills: Average tender rates of discount 11.8150 per cent. Certificates of Tax Deposit (Series 6): Sales temporarily suspended. Rates prior to suspension were: Deposit £100,000 and over held under one month 14¼ per cent; one-three months 14 per cent; three-six months 13¾ per cent; six-nine months 13½ per cent; nine-12 months 13¼ per cent. Under £100,000 12¾ per cent from January 30. Deposits held under Series 5 10 per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	9¾
Fed funds	8⅞
Fed funds at intervention	—

Treasury Bills

One month	8.30
Two month	8.00
Three month	8.13
Six month	8.24
One year	8.43

Treasury Bonds

Two year	99¹⁹⁄₃₂
Three year	101²⁵⁄₃₂
Four year	99²⁵⁄₃₂
Five year	100⅝
Seven year	101²³⁄₃₂
10 year	101²³⁄₃₂
30 year	103²³⁄₃₂

FT LONDON INTERBANK FIXING

(11.00 a.m. February 5)

3 months U.S. dollars

bid 8 13/16	offer 8 15/16

6 months U.S. dollars

bid 9 1/16	offer 9 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Gilts firm

Gilt futures were firm on the London International Financial Future Exchange yesterday, as retail and foreign demand for stock held firm in the cash market and supplies of long-dated tap stocks were exhausted. Dealers reported that initial reaction to the UK money supply figures was good, with the rise in sterling M3 below most forecasts, but the marke then reacted badly to the large rise in bank lending, only to reassess the situation again on the encouraging MO figure.

It was also reported that there was considerable book squaring and taking of profits ahead of the money supply announcement, as the market also looked nervously at the pound's fall to around a record low against the dollar.

The worst likely money supply figures had already been discounted by the market, however, and although the financial markets remain concerned about future trends in interest rates and the foreign exchanges market, there was also a fear of missing out on a possible buying opportunity. This helped March gilts close at 103.25, slightly below the day's peak of 103-30.

Dollar denominated instruments opened firmer, but met with some selling as Mr Paul Volcker, chairman of the Federal Reserve Board, gave his testimony about economic matters to Congress.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.90	90.97	90.89	90.84
June	90.38	90.48	90.37	90.32
Sept	89.84	89.95	89.84	89.77
Dec	89.40	89.50	89.40	89.31
March	89.05	—	—	88.92

Est volume 4,865 (5,997)
Previous day's open int 13,726 (13,549)

THREE-MONTH STERLING £250,000

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	72-19	72-25	72-16	72-12
June	71-18	—	—	71-11

Est volume 1,284 (1,386)
Previous day's open int 2,148 (2,141)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

STERLING £25,000 $ per £

DEUTSCHE MARKS DM 125,000 $ per DM

SWISS FRANCS SwFr 125,000 $ per SwFr

JAPANESE YEN Y12.5m $ Y100

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
March	128.35	128.45	127.35	126.20
June	128.65	128.65	127.80	126.50
Sept	129.00	—	—	126.85

Est volume 503 (482)
Previous day's open int 1,265 (1,263)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

U.S. TREASURY BILLS (IMM) $1m points of 100%

CERT. DEPOSIT (IMM) $1m points of 100%

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

STERLING (IMM) Se per £

GNMA (CBT) 8% $100,000 32nds of 100%

London clearing banks' balances

as at January 16 1985

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the London clearing banks and cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the monetary sector.

TABLE 1. AGGREGATE BALANCES

LIABILITIES	Total outstanding £m	£m	Change on month £m	£m
Sterling deposits:				
UK monetary sector	18,832		+ 352	
UK private sector	59,437		+ 241	
UK public sector	1,441		+ 301	
Overseas residents	9,732		− 12	
Certificates of deposit	5,006		− 833	
		94,449		+ 48
of which: Sight		33,599		+ 211
Time (inc. CD's)		60,849		− 163
Foreign currency deposits:				
UK monetary sector	15,412		−3,629	
Other UK residents	4,988		+ 204	
Overseas residents	49,375		+2,744	
Certificates of deposit	6,729		+ 358	
		76,504		− 322
Total deposits		170,953		− 274
Other liabilities*		21,736		−1,615
TOTAL LIABILITIES		192,689		−1,890
ASSETS				
Sterling				
Cash and balances with Bank of England		1,490		− 64
Market loans:				
Discount houses	3,050		− 430	
Other UK monetary sector	14,584		−1,182	
UK monetary sector CD's	2,792		+ 224	
Local authorities	831		− 11	
Other	1,541		− 218	
		22,798		−1,618
Bills:				
Treasury bills	75		− 24	
Other bills	1,501		− 199	
		1,576		− 223
Special deposits with Bank of England		—		—
Investments:				
British Government stocks	2,559		− 114	
Other	2,808		−1,358	
		5,366		−1,472
Advances:				
UK private sector	64,804		+1,363	
UK public sector	284		+ 32	
Overseas residents	3,613		− 305	
		68,701		+1,090
Other sterling assets*		10,459		− 139
Foreign currencies				
Market loans:				
UK monetary sector	16,311		−3,256	
Certificates of deposit	874		+ 323	
Other	31,376		− 657	
		48,560		−3,590
Bills		763		+ 504
Advances:				
UK private sector	6,603		+ 790	
UK public sector	1,270		+ 105	
Overseas residents	19,053		+1,135	
		26,927		+1,939
Other foreign currency assets*		6,048		+1,683
TOTAL ASSETS		192,689		−1,890
Acceptances		3,611		+ 88
Eligible liabilities		71,266		+ 482

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m	Change on month £m	BARCLAYS Outstanding £m	Change on month £m	LLOYDS Outstanding £m	Change on month £m	MIDLAND Outstanding £m	Change on month £m	NATIONAL WESTMINSTER Outstanding £m	Change on month £m	WILLIAMS & GLYN'S Outstanding £m	Change on month £m
LIABILITIES												
Total deposits	170,953	− 274	44,048	−2,736	31,738	+695	33,185	+736	57,019	+995	4,962	+ 37
ASSETS												
Cash and balances with Bank of England	1,490	− 64	433	− 57	227	− 11	287	+ 42	491	− 17	51	− 21
Market loans:												
UK monetary sector	33,945	−4,868	7,282	−4,650	4,544	+193	4,065	−228	17,156	−181	898	− 3
Other	37,413	− 340	10,514	+ 554	8,203	−255	7,124	−274	10,368	−392	1,203	+ 27
Bills	2,339	+ 281	571	− 107	634	+ 26	750	+314	364	+ 60	20	− 12
British Government stocks	2,559	− 114	678	− 63	694	− 4	434	− 40	666	− 7	86	—
Advances	95,628	+3,029	25,944	+ 555	18,173	+393	19,368	+870	29,255	+1,111	2,888	+100

TABLE 3. INDIVIDUAL GROUPS OF BANKS' ELIGIBLE LIABILITIES

	TOTAL	Change	BARCLAYS	Change	LLOYDS	Change	MIDLAND	Change	NATIONAL WESTMINSTER	Change	WILLIAMS & GLYN'S	Change
ELIGIBLE LIABILITIES	71,266	+ 482	21,184	− 85	14,252	+214	12,742	− 60	20,843	+383	2,243	+ 30

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for February 5.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 12⅝ 88	150	103½	104	+0⅛	−0⅝	11.28
Austria Rep 13⅝ 92	100	110⅝	110⅞	+0⅛	−0⅝	11.38
Bank Of Tokyo 12⅝ 92	100	100⅝	101⅛	+0⅝	−0⅛	12.48
Bank of Tokyo 13⅝ 91	100	107⅞	108⅛	+0⅝	−0⅛	11.76
Caisse Nat Tele 13¼ 91	100	108	108½	+0⅛	−0⅝	11.80
Canadian Pac 12½ 90	75	102⅛	102⅝	0	−1⅛	12.12
CBS Inc 11⅛ 92	100	99⅛	99⅝	+0⅛	+0⅝	11.46
Chevron U.S.A. 12¼ 89	600	102⅛	102⅝	−0⅛	−0⅛	11.48
Creditanstalt 13⅛ 91	100	105	105½	+0½	0	11.86
Denmark Kingdom 13 91	100	104⅝	105⅛	−0¼	−0⅝	11.82
[illegible]						

(U.S. DOLLAR STRAIGHTS, continued)	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						
Walt Disney Pro 12½ 87	150	102½	103	+0½	−0⅝	11.18
Weyerhaeuser 12¼ 87	150	101⅝	101⅞	−0½	−0⅝	11.45
World Bank 12¼ 94	150	102½	103	+0⅛	−1⅛	11.74
World Bank 12⅝ 94	200	105½	106	+0⅛	−1	11.81

Average price change On day +0⅛ on week −0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amca Int'l 8¼ 91	100	102⅝	103⅛	0	+0⅛	7.71
Asian Dev Bank 8 94	200	100⅝	101⅛	−0½	−0⅛	7.88
Austria Republic 7⅝ 94	200	99⅝	100⅝	−0½	−1	7.82
Baxter Travenol 7⅝ 94	200	99⅝	100⅝	−0⅛	−0½	7.25
Credit National 8⅝ 94	200	102¼	102⅞	−0⅝	−0⅝	7.73
[illegible]						

SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES

	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS

	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = current coupon. C.yld = current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

OVER-THE-COUNTER

Continued from Page 28

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Indices

NEW YORK DOW JONES

	Feb 5	Feb 4	Feb 1	Jan 31	Jan 30	Jan 29	1984-85 High	1984-85 Low	Since Compilation High	Since Compilation Low
Industrials	[illegible]									
Transport	[illegible]									
Utilities	[illegible]									
Trading vol	[illegible]									

STANDARD AND POORS

Industrials	[illegible]									
Composite	[illegible]									

N.Y.S.E. ALL COMMON — RISES AND FALLS

[illegible]					

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
[illegible]							

TORONTO

Metals & Minls	[illegible]				
Composite	[illegible]				
MONTREAL Portfolio	[illegible]				

* Indicates pre-close figure

	Feb. 5	Feb. 4	Feb. 1	Jan. 31	1984-85 High	1984-85 Low
AUSTRALIA All ord. (1/1/80)	[illegible]					
Metals & Minls. (1/1/80)	[illegible]					
AUSTRIA Credit Aktien (2/1/62)	[illegible]					
BELGIUM Brussels SE (1/1/80)	[illegible]					
DENMARK Copenhagen SE (2/1/83)	[illegible]					
FRANCE CAC General (31/12/83)	[illegible]					
Ind Tendance (28/12/84)	[illegible]					
GERMANY FAZ Aktien (31/12/58)	[illegible]					
Commerzbank (1/12/53)	[illegible]					
HONG KONG Hang Seng Bank (31/7/64)	[illegible]					
ITALY Banca Comm Ital. (1972)	[illegible]					
JAPAN** Nikkei-Dow (16/5/49)	[illegible]					
Tokyo SE New (4/1/68)	[illegible]					
NETHERLANDS ANP-CBS General (1970)	[illegible]					
ANP-CBS Indust (1970)	[illegible]					
NORWAY Oslo SE (4/1/83)	[illegible]					
SINGAPORE Straits Times (1966)	[illegible]					
SOUTH AFRICA Gold (1958)	[illegible]					
Industrial (1958)	862.8	865.9	864.1	873.1	1105.3 (26.5)	858.5 (19.8)
SPAIN Madrid SE (28/12/84)	114.63	117.41	116.28	114.89	117.41 (4/2/85)	100.00 (28/12/84)
SWEDEN Jacobson & P (1/1/58)	1485.01	1471.98	1481.56	1447.70	1584.5 (5/2)	1302.09 (22/11)
SWITZERLAND Swiss BankCpn. (31/12/58)	411.5	408.8	415.1	414.6	414.6 (31.1/85)	354.5 (23.7)
WORLD Capital Intl. (1/1/70)	—	195.6	189.9	187.1	187.1 (1.2/85)	158.2 (14.12)

** Saturday February 2: Japan Nikkei-Dow 11,889.6. TSE 923.95.

*Base values of all indices are 100 except Australia All Ordinary and Metals—*500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Exclusive bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. (u) Unavailable.

CAPITAL MARKETS

$460m Italian rail issue offers added interest rate play

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT IN LONDON

FERROVIE dello Stato, Italy's state railway, is raising $460m in the Euromarkets through a 10-year floating rate note that will be used to pre-pay more expensive existing borrowings.

Led by Merrill Lynch, the paper bears interest at the higher of the one-month London interbank offered rate for Eurodollar deposits or the six-month Limean rate – the mean between the bid and offered rates for six months money.

The interest rate will be refixed every month but paid semi-annually. This will allow investors to fund their holding with one-month money and profit from the difference between one and six-month rates, which, Merrill said yesterday, has averaged 60 basis points since 1980.

Ferrovie is to use the money to redeem early a $225m – floating rate note due in 1988 which bears interest at ¼ per cent over six month Libor and a Eurocredit raised in 1982 with a margin of ⅜ points over U.S. prime.

Elsewhere, a recovery in the New York bond market led to a firmer tone for fixed-rate dollar Eurobonds yesterday, with prices rising by up to ½ point in selected cases. Four new bonds were issued, three of them for banks which are to swap the proceeds into fixed-rate debt.

Bankers Trust is raising $100m over five years through an 11⅛ per cent issue led by itself and bearing an issue price of 99⅝ per cent. Royal Bank of Canada launched a $100m, five-year 11⅛ per cent issue at par through Orion Royal Bank.

Terms on both these issues were regarded as fairly tight but the least positive reception was reserved for a $75m five year 11½ per cent issue at 100¼ for Bergen Bank led by Salomon Brothers.

BHF Bank bond average		
Feb 5		Previous
101.447		101.573
High	1984/85	Low
103.042		[illegible]

Dealers said that the issue met with a lukewarm response because of investor unfamiliarity with the borrower, a call provision after three years and its issue price in excess of par. It traded at one stage at a discount of 1⅞ points, well outside its total 1⅞ per cent fees.

Merrill Lynch also yesterday launched a $150m, 10-year 11⅝ per cent issue at 99⅝ per cent for John Deere Credit, a unit of the U.S. farm equipment concern.

Continental European markets remained under pressure yesterday because of the strength of the dollar. There were again no new issues in Germany, where Sweden's latest, 7¼ per cent issue fell a further point to 96¼. Wang Laboratories is raising SwFr 200m through a 15-year convertible issue bearing a coupon of 4¼ per cent, issue price par and a 30 per cent conversion premium. The bond is led by Union Bank of Switzerland.

Elsewhere the Ford Motor concern is redeeming at par its 6 per cent convertible issue due in 1986 which had been trading earlier this week at just under 149.

● Chemical Bank International has recruited three floating rate traders from Blyth Eastman Pain Webber International in a bid to expand its activity in that sector.

The departure of Mr Michael Caiger, Mr Paul Chapman and Ms Jane Mullally has weakened Blyth's FRN trading capacity, but Mr John Bult, a senior executive in New York, said: "We mean to stay in the business."

U.S. banks lead $150m credit for E. Germans

BY OUR EUROMARKETS CORRESPONDENT

DEUTSCHE Aussenhandelsbank, East Germany's foreign trade bank, has chosen a group of largely U.S. banks to lead a new $150m credit it is raising in the Euromarkets.

The composition of the lead group, which includes Bank of America, Citicorp and Manufacturers Hanover, suggests that U.S. banks may be softening in their reluctance to lend to Eastern Europe after several years of restraint following the *Soviet invasion of Afghanistan* and the Polish debt crisis.

Bank of Tokyo is the only non-U.S. bank leading the credit, which has a maturity of seven years and bears intererst at ⅞ point over London Eurodollar rates or ½ point over U.S. prime rate.

Bankers said the inclusion of an option to lend funds at the expensive U.S. prime rate appears to have been a concession on the part of the U.S. authorities designed to attract more U.S. banks into the deal.

The relatively high margins offered by East Germany, a shortage of good lending opportunities elsewhere and a perception that Eastern Europe's creditworthiness has improved, are all seen as factors behind the willingness of U.S. banks to re-enter this market.

A subsidiary influence may be the recent improvement in East-West relations with the resumption of U.S. Soviet arms control talks.

Coolness on the part of U.S. banks towards Eastern Europe led them to miss out on some very successful deals last year, including a recent $150m deal for Aussenhandelsbank which was increased to $400m becase of heavy oversubscription. That credit bore a margin of 1 point over the London Eurodollar rate for six years.

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

We regret that due to communications problems this listing is incomplete.